Magnum Connect

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Dear Friends,

After a grand finale of the financial year 2011, the markets are back on their previous track and the jittery that was prevailing in the markets seems to have gripped again. The international triggers kept storming the markets in the passing month on concerns of weak global economic recovery and when the IT bellwether Infosys came with a very conservative guidance for the first quarter, the fear strengthened. Though, the ongoing result season has so far been mixed and until unless there is some extremely bad numbers, the markets won't get impacted much as whatever is coming is almost on the expected lines.

The Reserve Bank of India will set the tone of the markets next month by announcing its annual monetary policy, though a nominal rate hike is inevitable and the markets seem well prepared for that, keeping in view that the inflation is not showing any sign of decline, but on the same time industrial growth is getting impacted adversely, as the apex bank has already hiked its rates eight times in last one year. RBI has time and again highlighted the supply-side constraints and said that its monetary policies can't control the inflation alone. The India Inc. too has expressed its concern that a further hike in interest rates would impact trade and the investment cycle in the country. Hence it will depend upon the RBI and governments' collective effort to fight the inflation without impacting the growth cycle.

Jiten J. Chheda
(Director)
Magnum Group

The Indian IT industry has witnessed a strong recovery over last few quarters after facing a bleak outlook following the onset of global economic slowdown in the last quarter of 2008. The industry faced a difficult year but started moving towards recovery by second half of the FY10 and operating atmosphere for the industry has continuously improved since then. The recovery which started with pent up demand and cost cutting initiatives by large MNCs is now progressing as major companies across the world started hiking IT budgets gradually.

However, there are some headwinds for the industry. Glitches in the global recovery continue to remain even as demand for IT services has been increasing. A bigger threat for the industry has been coming from home turf where the industry is facing surge in costs. There is a lot of upward pressure on wages amidst a rapidly recovering Indian economy and high inflation. Rupee volatility has been another problem that IT industry is facing, though we believe companies, in particular the large one, have learned to counter this challenge to some extent. However, any sharp increase in rupee form current levels coupled with wage inflation can impact margins.

Advantage India

There are a number of factors that have led to the rise of software industry in India and the very factors ensure that the industry continue its dominance in the global IT field.

Large pool of English speaking talent: The availability of a large number of professionals, for whom English is as good as first language, gives India a unique edge in the field of information technology. US continues to be biggest consumer of software service and as a supplier, India has a natural advantage of possessing a large pool of English speaking software professionals who can cater to the requirements of US companies in a tailor made way. Currently, US accounts for more than 60% of India's software exports.

Cost Effectiveness: India continues to remain a cost effective source of outsourcing for western economies. Although there has been significant wage inflation in the industry off-late, average remuneration for an Indian IT professional is still around one-half/one-third of his US counterpart. As long as the salary differential stays, India is set to carry on its low cost production advantage over US and Europe, helping Indian exports keep growing.

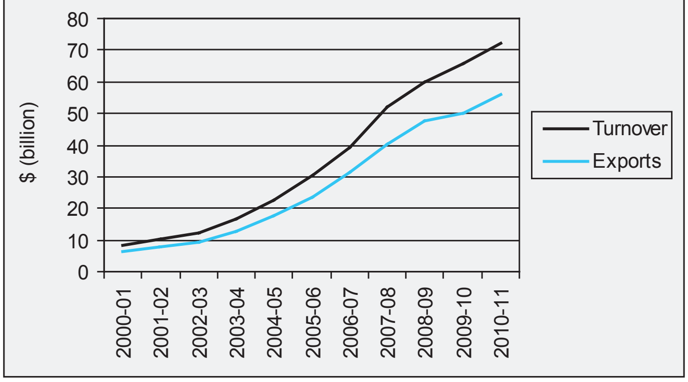
Quality Assurance: Indian software industry has developed an outstanding repute as a quality outsourcing destination. Countries like China, who can also produce low cost advantage, have failed to challenge India on quality grounds.

Government Support: Software is one industry where the government of India has been very proactive. Importance of software industry in India's growth is well understood and accepted by the government who continue to support the industry through conducive policies and incentive.

Current Scenario

After recording nearly a decade of strong growth the, Indian IT industry posted the lowest growth it has seen in the post-deregulated era in the fiscal year 2009-10. According to the estimates prepared by the industry body Nasscom, the sector had grown by around 6% in FY10. However, even though the growth was much slower compared with historical performance, the industry has certainly put the worst behind it. The recovery has become much more visible and broadbased in FY11 with growth increasing significantly.

Chart 1: Growth of Software Industry



According to estimates of the NASSCOM, total IT services exports are expected to have reached around $57 billion in the just completed financial year, which would peg the growth at 14%. Even though this is below the levels seen early in the decade, it nonetheless would represent substantial improvement from what was seen in FY10.

Q4 results present a mix picture

The results posted by the industry leaders in the fourth quarter of last financial year have shown a mixed trend. While TCS, the biggest IT company in the country, and HCL managed to beat market expectations, the bellwether Infosys posted a less than expected profit. TCS posted a decent result with dollar revenue growth of 4.7% coming around market expectations. Though volumes growth was slightly weaker, it was well supported by pricing improvement and favourable currency movement. There was a broad-based growth across verticals and geographies, indicating improvement in global demand.

However, Infosys disappointed the markets with volume de-growth of 1.4% quarter-on-quarter and the constant currency dollar revenue growth of around 1% that was also below market expectations. The company while guided reasonable dollar revenue growth of 18-20% for FY12, rupee EPS guidance at Rs 126-128 was also way below market expectations. In case of Wipro, the dollar revenue growth of 4.2% was decent and came in within the company's guided range. However, the weak guidance of -0.5% to 1.6% dollar revenue growth was a key dampener considering the relative strength of Q1.

Overall though we feel that results signal an improvement in global demand and the disappointments are more because of company specific issues. For instance, Wipro expects a significant change in contribution of various revenue verticals, leading to conservative estimates.

Strong results by global IT majors boost demand visibility

Even though results of Indian IT majors are somewhat mixed, global IT players continue to post strong numbers which provide a good demand visibility for Indian players as well going forward. SAP reported a total revenue growth of 21% on annual basis for Q1 with software revenues going up by 26%. IBM too reported solid gains across all its major product lines with total revenue going up by 8% year-over-year and non-GAAP EPS beating market expectations with a growth of 21%.

Both Accenture and Oracle too released better-than-expected results for their fiscal quarters ending in February 2011. Revenue growth was stronger than expected in both the cases, with Accenture's revenues up 17% and Oracle's reported revenues up 37%. However, on a comparable basis, Oracle's revenue growth is estimated at 13%. Nonetheless, its software and services revenues were up a strong 19%.

While license sales at SAP and Oracle are strong indicators of the prospects of the enterprise application services and package implementation segments for Indian IT vendors, order books at the IBM and Accenture throw positive light on the trends in outsourcing and consulting spends. Overall, the results of global IT players and the post result comments by the managements indicate that IT services demand remains strong and that demand remains balanced between the maintenance and discretionary segments.

Recovery to be slower in mid-caps

IT majors have seen a strong recovery over the last 3-4 quarters which seem to be progressing undisrupted form the latest results as well. However, even as the conditions in the mid-cap space are improving too, recovery is relatively slower there. One of the reasons is that mid-caps are not seeing the large transformational deals like the industry leaders. Also, wage inflation is affecting the mid-cap space more strongly.

Recovery is likely to continue here but it will remain couple of quarters behind the industry leaders in the near future. Mid-sized companies are likely to see drop in attrition rates and wage inflation by the year-end or start of the next year.

Domestic demand to provide cushion to the industry

Notwithstanding the fact that IT majors have historically generated better part of their revenue from exports, the industry is set to renew its focus on opportunities at home. India's domestic market has become a force to reckon with and the existing IT infrastructure is evolving in terms of both technology and penetration.

In fact, in the developed economies, the government is a major buyer of IT. Even in emerging nations, governments are becoming major client for IT companies. China has for long had a software industry larger than India despite the fact that it compares nowhere with India's IT exports. This is because its IT industry is powered mainly by domestic demand that is far larger than that of India.

However, the trend is changing slowly and local demand is becoming an important market for tech majors. A strong boost in this regard has also come from the government policies of implementing the unique identification (UID) project, and other forthcoming tax related reforms that will boost demand for IT services.

With the government emerging as a major driver of IT demand, we believe India's domestic IT consumption will begin to increase. Long term prospects of domestic market are also visible from the fact that currently per-capita consumption of IT services is just $10 a year compared to $1,000 a year in the US. As the Indian economy continues to grow rapidly at 8-9%, we expect the demand for IT services to increase swiftly in India, which provides a huge opportunity to the IT industry.

Fragile global recovery, rupee volatility remain errant

Even as the road ahead of the Indian IT industry seems to be getting better, there remain some issues that can act as a drag. The fragile global economic recovery is a major issue. Although demand has been improving for companies in the developed world, any significant shock in global economy which would cloud the overall business outlook will obviously hit the IT demand as well.

Another issue that is impacting the industry, particularly in the mid-cap space, is rupee appreciation. Indian IT majors have learnt to tackle this volatility to some extent, but there is no better support for an exporter than stable currency value. The situation is more dicey in the mid cap space which is already facing a lot of pressure in margins. While the rupee has corrected following each incidence of sharp appreciation, medium term outlook for rupee remains upward and any substantial appreciation from current levels will certainly spell huge troubles for smaller IT companies.

Wage inflation to impact margins

Historically, the labour cost arbitrage has been the biggest reason for the growth of the Indian outsourcing industry. However, with high domestic inflation and increasing demand for talent, wage inflation has been impacting the industry. One of the key reasons behind the Infosys giving weaker guidance was high wage inflation it expects. The management said in its post result comments that the operating profit margin will probably drop by 2.9% and a large chunk of this decline is likely to come from high wage inflation amidst the company facing record attrition levels.

Outlook

India's IT industry has seen a dream growth run in the present decade and has established the country as the premium destination for IT outsourcing across the globe as well as one of the leading centres for global IT majors' research and development operations. Growing at around 30% a year for a full decade, the Indian IT industry now hosts some of the most reputed and recognised IT vendors like Infosys, TCS and Wipro.

The industry was hit following the global economic downturn but demand started improving again by end of 2009. The trend continued throughout the last calendar year with IT majors posting strong growth. A lot of improvement has been witnessed in the revenue side where a lot of transformational deals are happening and discretionary spending is increasing. The recovery, which till last year seemed riding a lot of pent-up demand, looks much more sustainable now with clients showing significant increase in spending on IT services budget even as overall IT spending remains somewhat flat. The strong results posted by global IT majors also boost the demand visibility for Indian software and IT services players.

However, there are also some headwinds. While costs were in reasonable check through most of the 2010, wage inflation has started to impact even the industry leaders in 2011. Bellwether IT major Infosys' is facing the highest level of attrition it has ever seen and margins are getting under pressure as wages are being increased to hold talent. We expect wage inflation will continue at a faster pace throughout the current year as hiring remains strong and growth outlook improves. This is bound to have some downside impact on margins. Volatility of Indian rupee is another concern.

On the whole, though, we remain positive on IT industry. Continuing maturity of the global offshore delivery model and the inherent need of clients to reduce costs as the global recovery takes shape would help propel growth. Players will also increasingly focus on targeting new markets, developing capabilities in emerging service lines such as IMS, and process innovation. The Indian IT industry is also slowly decreasing its dependence on the US economy. While it is looking at other opportunities in Europe and Japan, we believe the next big driver for the industry in the long run will come from the domestic demand. Overall, the prospects of the sunrise sector remains bullish in the long run and India looks set to keep its position as the most preferred outsourcing destination in world.

Taking a stock of global economic recovery

World economy has continued to post recovery throughout the last calendar year after facing a difficult year following the global financial crisis. However, the recovery remains double-paced, faster and consistent in most emerging economies and slower and bumpy in most of the rich world. Nonetheless, overall prospects of a double-dip recession have declined even as new challenges emerge including a high inflation and commodity price rally, particularly that of crude oil. The purpose of this note is to articulate the current status of global recovery and its prospects going forward.

Growth

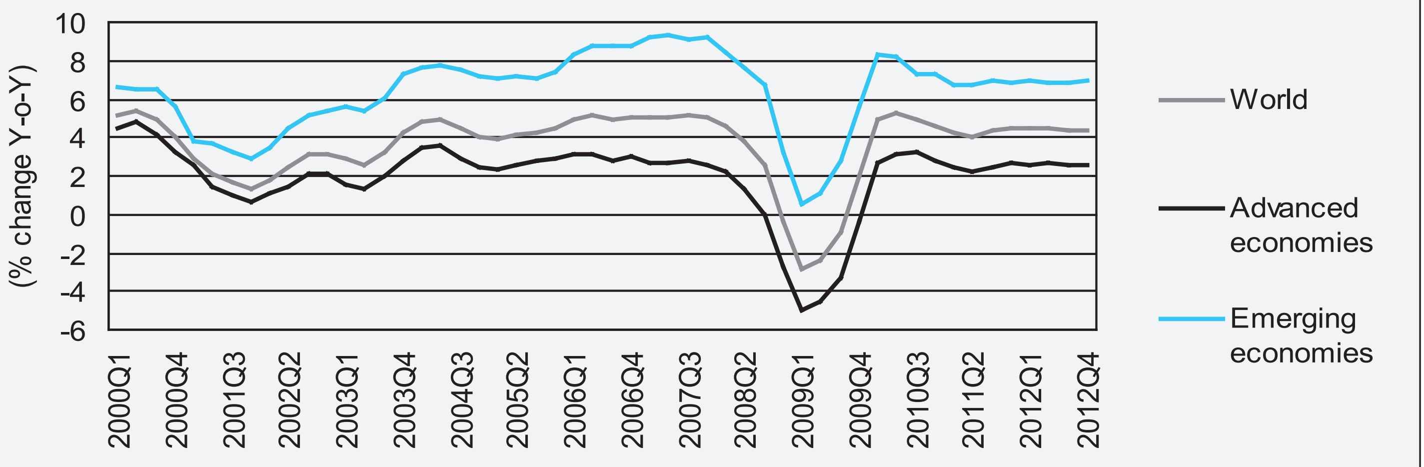
Growth has increased significantly over the last year with most of the emerging economies and many advanced economies too growing at higher-than-expected pace. Some moderation though is anticipated in current and next years as high inflation and fiscal constraints lead to tightening in both monetary and fiscal policies across most of the globe.

Emerging economies continue to show fast growth

Growth in emerging economies continue to remain strong even though some moderation is likely in 2011 owing to fading impact of fiscal stimuli, tightening in monetary policy and a relatively higher base. Among the emerging-markets, the Asian region accounts for over half of total real GDP and has been the fastest growing region in world, led by China and India. China alone accounts for over one-half of the Asian region's GDP (excluding the advanced Asian economies), and enjoyed over 9.5% expansion in 2010. However, given the surging inflation there and the measures that the Chinese authorities have implemented to combat it, it is reasonable to forecast that China's growth will slow down to around 9% in this year and little less than that in 2012. India too enjoyed better than 9% growth in (calendar year) 2010, but again the very high inflation and continued monetary tightening by the Reserve Bank of India (RBI) will result in some significant slowdown in 2011. Growth here is likely to come at around 8.1% in 2011 and 8.2% in 2012. In Latin America, Brazil is the largest economy, accounting for more than one-third of the region's output. With 7.5% growth in 2010, Brazil's economy recorded its strongest performance in a generation. For 2011 and 2012, growth will remain strong, but base effect and high inflation will bring it down slightly around 6%. Other key Latin American economies including Mexico and Chile too recorded better than trend growth in 2010.

With the resurgence of world energy prices, the Russian economy too snapped back from almost an 8% output decline in 2009 to record 4% real GDP gain in 2010. Recent increases in world energy prices should help propel the Russian economy to moderately stronger growth this year and next at around 5%. Finally, the Sub-Saharan Africa, which escaped recession even during the worst phase of global downturn, recorded a growth of 5% in 2010. Prospects remain reasonably strong with about 4% growth expected this year.

Chart 1: Growth in Advanced and Emerging Economies



Developed economies continue slow recovery

Things have improved for the advanced economies too which showed considerably better performance in 2010. The US economy posted a growth of 2.9% in 2010, its best performance since 2005. Although final growth figures are slightly below what many economists forecasted after recovery picked up speed in early 2010, it nonetheless represents considerable improvement from what was expected in 2009. In the current year, even as unemployment remains higher, the US is expected to log in around 2.5 growth. While this kind of growth will keep the global economy moving forward, nearly eliminating the fears of a near term double-dip recession, it may not be sufficient to rapidly bring down the unemployment monster that is the biggest challenge being faced by the US economy.

The revival of the world trade has boosted Europe's recovery momentum too. Although growth slowed down in the December quarter, it was still reasonable given the extreme winter seen in the region. According to Eurostat's estimates, GDP growth was 0.3% q/q in Q4 2010, the same rate recorded in the previous quarter. On an annual basis, the GDP in Q4 was up by 2% while for the whole year it was up by 1.7%. Among the largest economies of the area, GDP rose by 0.4% q/q in Germany, by 0.3% q/q in France, by 0.2% q/q in Spain and by 0.1% in Italy. While the GDP figures for Germany and to a lesser extent for France were lower-than-expected, most economists agree that the same were distorted by exceptional factors such as adverse weather at the end of the year, which significantly dragged down construction activity. However, activity in peripheral countries was rather weak. GDP contracted by 1.4% q/q in Greece and by 0.3% in Portugal in Q4. Low growth prospects are making it further harder for these countries to achieve the fiscal consolidation targets. The UK on the other hand witnessed a contraction of 0.6% in last quarter of 2010, a figure highly unexpected, but the outlook for the economy is still reasonable as the Q4 contraction has been blamed largely on extraordinarily cold weather seen in Nov and Dec 2010.

In Japan, the double natural calamity of earthquake and Tsunami and the following nuclear crisis took the attention away from economic recovery. While global implications of the crisis remain limited for the moment, growth in Japan is expected to be affected significantly for the next couple of quarters.

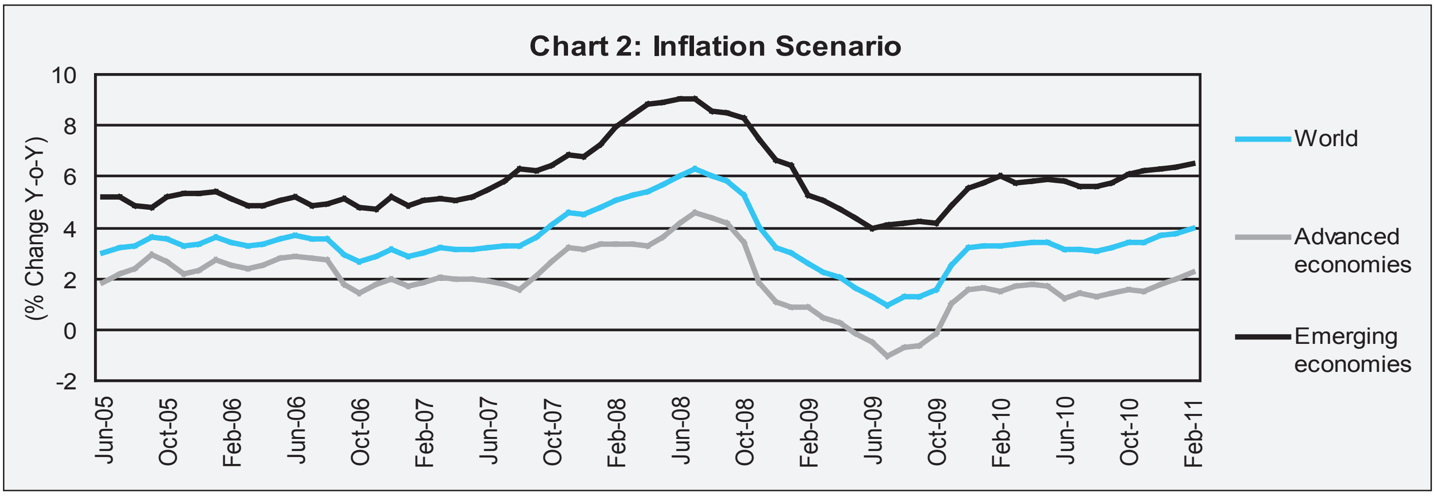
Downside Risks

Even as the global economic recovery has continued throughout the last 4-5 quarters, the optimism on pace of recovery has come down from where it was by end of 2010 as in the current year a number of new downside risks seem to be emerging, which are keeping the overall atmosphere challenging.

European sovereign debt crisis

The biggest challenge to the global recovery may come from the ongoing sovereign debt crisis in the Europe. Over the past several weeks, the situation for many of the periphery countries in the region has intensified, triggering several of them to be downgraded by the international ratings agencies. Portugal has been the latest causality. Having resisted pressure from the markets as well as European partners for months, the caretaking government under Prime Minister Jose Socrates last month finally accepted that a formal request for bailout has been made to European Union. With this, the Portugal entered the club already inhabited by Greece and Ireland. The country's budget deficit continues to balloon, currently at 8.6% of GDP, more than 100 bps above the target, while the overall debt burden now represents just about 92.4% of GDP. Although so far the Union has been manage things without much fallout, the debt crisis has the potential to erode confidence in the banking sector, as most of the money at risk in periphery countries comes from banks in the central members.

EU leaders are slowly running out of time and credibility as they continue to talk on short term interests. This is a matter of general understanding that providing more debt to someone who is unable to services the existing debt, without ensuring how the fresh loans would change the fundamentals of borrower, only raises the scale of eventual default. Although there are well documented conditions attached to EU's bailout finds, it is very difficult to see how the countries like Greece and Ireland or Portugal for that matter implement the kind of austerity required to come out of the crisis without one time major restructuring. The energy of both the borrowers and the lenders seems to be



all directed to postpone any immediate crisis, which is not wrong in itself, but there also has to be good work done on the far end of the horizon, sans which we are only raising the scale of potential catastrophe.

However, off late some talk about restructuring of debt in case of Greece has started, and some European policy makers are understood to be looking for ways it could be done without eroding the investor confidence. If the European policy makers manage to handle this inevitability with transparency and are able to calm the markets, the problem may just be resolved with very little pain. However, the risk is that if domestic policy constraints on key economies like Germany and France keep preventing them for adopting a sustainable solution, contagion could be triggered easily and that will certainly be a very costly affair. At the moment, Germany and France seem to be in a reasonably strong position to avert such a crisis, but the clouds are set to linger for long.

High inflation and monetary tightening

Another major issue being faced by the global economy is ongoing high inflation and nearly all emerging economies and some advanced economies as well. Central banks in large emerging economies like China and India have been on a monetary tightening spree as prices rise at a rapid pace and fears of asset bubble formation rise. The issue is particularly important with respect to China where housing prices have shown a sharp increase, and a bubble seemed very possible sans some strong policy action.

Property prices in major cities in China registered an increase of 0.6% on a month on month basis in March, on top of over 3% increase seen in first two months of the year. The authorities in China have so far responded by increasing the minimum down payment for second-home purchases and taxes on residential properties in certain cities. However, the Chinese banking regulator believes that factors that could contribute to a property-asset bubble were still present despite the government's efforts. The Chinese central bank has also been tightening policy, increasing rates three times since mid- October 2010 and raised the banks' reserve requirements six times. While the hawkish policy stance has not yet resulted in a falloff in activity in key sectors like manufacturing, further aggressive monetary tightening will eventually affect the country's growth, which of course will have implications for the rest of the world as well.

In other emerging economies including India and Brazil too things have been getting heated up, with core inflation in India rising by over 200 basis points in last two months. In Brazil the Central Bank Monetary Policy Committee raised its inflation forecast for 2011 and 2012, and now expects the same to remain above its target of 4.5% in both the years.

Further, it is not just the emerging economies, but many advanced economies are also facing rising inflation, which may result in a stagflation if global growth was to moderate on downside risks. In UK, despite some recent decline in March, headline inflation remains at 4%, nearly double the Bank of England's target of 2%. In the eurozone inflation climbed to 2.7% in March, its highest level since late 2008. The European Central Bank aims for levels of below but close to 2% and inflation has been above that figure since December. In Germany consumer prices rose 2.6% in

April on year-on-year basis, up from 2.3% in March.

While inflation is not the biggest risk in itself, the concern is that it will force central banks across the world, (except the US Fed) to raise rates at a higher pace than what would be warranted for continued support to the recovery. Already, growth projections for 2011 are lower for both emerging and advanced economies compared with 2010. If inflation remains high, forcing further expedition in policy tightening, it will impact growth prospects.

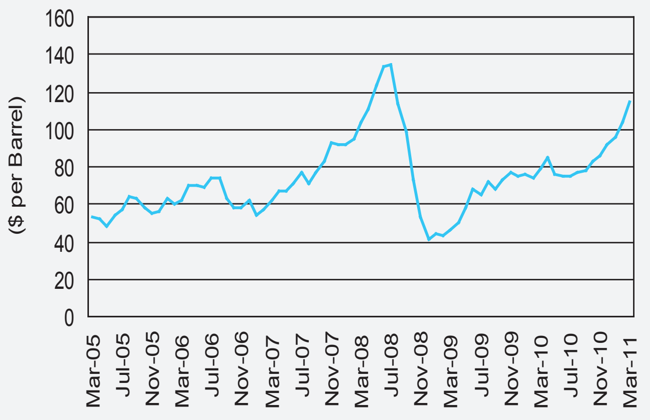
Surging commodity and food prices

A large chunk of rise in inflation has come from rising energy and food prices. Prices of just about everything have been rising precipitously in recent months - from cotton and corn to copper, and, of course, the crude oil. The ongoing political unrest in Middle-East has led to supply concerns on oil which boosted its prices to over $120 a barrel (in terms of Brent crude), highest since October 2008.

Even though the recent surge in crude prices is mainly driven by the Middle East unrest, prices of crude have been increasing consistently for last two years. Many analysts are now saying that even though there could be some moderation from current levels, high crude prices in general are here to stay for longer term. Other commodity prices are not far behind. Copper is close to record highs and fertilizers are doing another 2008 as well.

Surging food prices which are currently ruling close to the record highs are another major worry. According to a recent analysis by the Asian Development Bank, high food prices may push another 80 million people into poverty over the current and next years. Food prices have been a key contributor to the high inflation seen throughout in India last year and more recently in China as well.

Chart 3: Crude Oil Prices (Brent)



Not only the socialistic aspects of high food prices make these worrisome, but these, along with high energy and metal prices, can significant impede global recovery. There are two ways in which high energy and food prices impact growth. First these cause inflationary pressures that force central banks to hike interest rates. Secondly, higher food and commodity prices act like a consumption tax, transferring income from households and companies which use the resources to companies and countries that produce them. Both households and companies are left with lesser resources for consuming other items, it causes the aggregate demand to come down.

Outlook

While the two-speed global economic recovery is making progress, conditions remain challenging and growth uncertainties persist. In the current and next year, positive, albeit moderate, sub-trend economic growth is expected in developed economies in 2011 while emerging economies are likely to continue showing strength, though growth will moderate here too. One of the major concerns is the prospect of further monetary tightening, particularly in the developing world, which would impact global growth prospects, given that emerging economies have been an important engine behind the global economic recovery to date.

In the developed world, the key risks on the economic horizon remain fiscal tightening and weak consumption. The prospects for labour markets recovering very soon are bleak and strength of consumption also remains unclear, despite some signs of stabilization. Unemployment rates are still elevated and consumers are still looking to unwind debt positions, especially so in the US and the UK.

The eurozone sovereign debt crisis is also a concern, though we expect that no major fallout from it will happen in current year or even next year. Overall we expect that global growth will carry on into 2011 and 2012, with the pace of recovery slowing down a bit as emerging economies face challenges from inflation and commodity prices. Having said that, chances of a double-dip have significantly gone down and risk aversion is also unlikely to shoot up anytime soon despite weaknesses in global recovery.

Infosys Technologies

Investment overview

- Infosys Technologies is the India's second largest software exporter and a global leader in the "next generation" of IT and consulting, having global footprint with 64 offices and 63 development centers in various countries.
- Net profit of the company increased by 9.71% to Rs 6,823 crore for the year ended March 31,2011. Earnings per share for financial year 2010-11 improved to Rs 119.41 from Rs 108.90.
- Infosys is likely to have finalised two European firms for acquisition at a cost of about $280-300 million

Business Overview

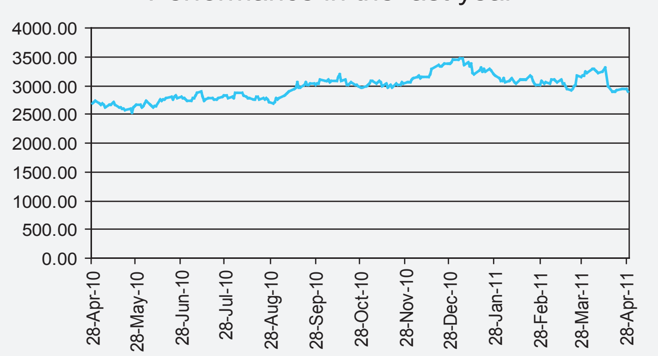
Infosys is India's second largest software company providing business and technology consulting services. It brings together a combination of services like Business Level, Process Level, Application Level, Infrastructure Level and Product Engineering, these solutions focus on providing strategic differentiation and operational superiority to clients. It create business solutions for industries like, Automotive, Aerospace & Defense, Banking and Capital Markets, Communication Services, Media & Entertainment, Consumer Packaged goods, Healthcare & Life Sciences, High technology Manufacturing, Discrete Manufacturing, Insurance, Resources, Energy & Utilities, Retail and Transportation.

Stock Data (as on 29/04/11)	
Current Mkt Price (Rs.)	2,905.95
52 week High (Rs.)	3,493.95
52 week low (Rs.)	2,510.00
Mkt Cap (Rs. Cr.)	1,66,845
Return in last one Month (%)	-8.39

Share Holding Pattern (as on Mar,2011)	%
Total Promoter	16.04
FII	36.12
DII	9.00
Others	38.84

Key Ratios	
P/E	25.90
Price/Book(x)	6.81
Dividend Yield (%)	2.06
ROCE(%)	37.91
ROE(%)	27.69

Performance in the last year



Infosys pioneered the Global Delivery Model (GDM), which emerged as a disruptive force in the industry leading to the rise of offshore outsourcing. The GDM is based on the principle of taking work to the location where the best talent is available, where it makes the best economic sense, with the least amount of acceptable risk. The Global Delivery Model plays an important role in ensuring profitability.

Financial Health

For the full year, the consolidated revenues of the company stood at Rs 27,501 crore, up 20.93% compared to Rs 22,742 crore reported in the last year.Net profit of the company increased by 9.71% to Rs 6,823 crore against Rs 6,219 crore for the year ended March 31,2010. Segmental revenue showed a good improvement from Financial Services, up by 27.56% to Rs 9,862 crore from Rs 7,731 crore, Manufacturing revenue were up by 19.68% to Rs 5,393 crore from Rs 4,506 crore and the Retail revenue grew by 28.43% to Rs 3,898 from Rs 3,035 crore, however revenue from Telecom segment declined by 3.06% to Rs 3,549 crore from Rs 3,661 crore in last year. Earnings per share for financial year 2010-11 improved to Rs 119.41 from Rs 108.90.

The company has reported fourth quarter consolidated net profit of Rs 1,818 crore, up by 13.63% over Rs 1,600 crore in previous quarter. Total Revenues went up by 21.97% to Rs 7,250 crore as against Rs 5,944 crore in the same quarter last year.

On the segmental basis the company reported rise of 23.71% in Financial Services to Rs 2,431 crore compared to Rs 1,965 crore, Manufacturing revenue were up by 20.42% to Rs 1,274 crore from Rs 1,058 crore, Telecom segment revenue came at Rs 756 crore, down by 5.74% from Rs 802 crore, while the revenue from the Retail segment surged by 34.75% to Rs 1016 crore from Rs 754 crore.

Industry Scenario

The Indian information technology (IT) industry has played a key role in putting India on the global map, the IT industry has grown fast over the last 15 years. India is a preferred

(Rs. Cr.)

Particulars	Mar Qtr-11	Mar Qtr-10	Growth%	FY11	FY10	Growth%
Net Sales	6668.00	5500.00	21.24	25385.00	21140.00	20.08
Total Income	7055.00	5721.00	23.32	26532.00	22050.00	20.33
Other Income	387.00	221.00	75.11	1147.00	910.00	26.04
PBT	2397.00	1900.00	26.16	8821.00	7472.00	18.05
PAT	1730.00	1382.00	25.18	6443.00	5755.00	11.95
EPS	30.15	24.07	--	112.26	101.22	--

Standalone

destination for companies looking to offshore their IT and back-office functions. It also retains its low-cost advantage and is a financially attractive location when viewed in combination with the business environment it offers and the availability of skilled people.

The Indian IT industry has witnessed a strong recovery over the last few quarters after facing a bleak outlook following the onset of global economic slowdown in the last quarter of 2008. The industry faced a difficult year but started moving towards recovery by second half of the last fiscal and operating atmosphere for the industry has continuously improved since then. The recovery which started with pent up demand and cost cutting initiatives by large MNCs is now progressing as major companies across the world start hiking IT budgets gradually. The performance of industry leaders has been particularly on the upside of estimates and while recovery is slower in the mid-cap space, here too things are better on a year-on-year basis.

From a long term point or view, the Indian IT industry is slowly decreasing its dependence on the US economy. While it is looking at other opportunities in Europe and Japan, the next big driver for the industry in the long run will come from the domestic demand. Indian economy is close to reaching the threshold level where demand for the IT services takes-off in a big way and over the next few years the inflexion point will be reached which provides strong growth visibility in the longer run.

Investment Rationale

Infosys Technologies, India's second largest software exporter, announced fourth quarter earnings that fell short of projections mainly due to currency fluctuations and margins could further decline in the fiscal year ending March 2012 due to it. Lower employee utilisation and headcount addition too may weigh on the company in the fiscal. The company's latest performance showed that it has lagged behind its peer TCS in terms of revenue growth and its operating profit margin (OPM) for the Q4 declined to 29% from 30% in same quarter last year. However the global demand for outsourcing has been in a recovery mode for last one year and Infosys too has reported 34 client additions during the last quarter, which is usually termed slack for the segment, a sign of global spending recovery.

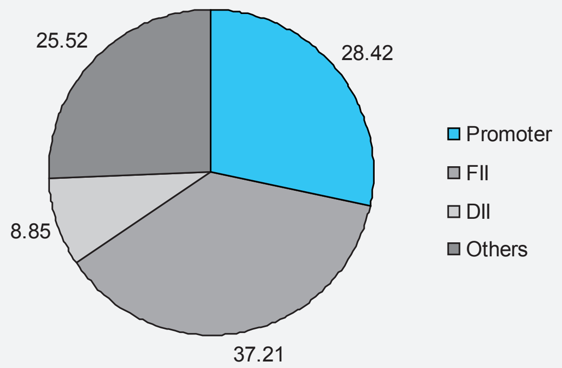
The company has managed to maintain a good balance between its onsite and offshore segments efforts. Onsite revenues are for those services which are performed at its client locations or at the global development centers, as part of software projects, while offshore revenues are for services which are performed at its software development centers located in India. The services performed onsite typically generate higher revenues per-capita, but at lower gross margins in percentage as compared to the services performed at our own facilities. Therefore, any increase in the onsite effort impacts the margins.

One of the biggest concerns for Infosys' prospect this year is the slow recovery of the US and European economy. As its revenues are highly dependent on clients primarily located in the US and Europe, as well as in certain industries there, the slow economic growth can affect the business of the company.

The other concern will be company's plan to add 45000 employee in the FY 12, these employees will come in at a wage hike of 10-12% for offshore employees and 2-3% for onsite employees. The company is already having a huge human resource of 1,30,820 and the Staff cost for them in the passing fiscal was Rs 14,856 crore, up by 22.85% from Rs 12,093 crore in the last fiscal, the company is further planning an average of 1-2% wage hike in FY12, which may go up higher keeping in view the high attrition rate of 17% compared to 13.4% in the last year. In the last quarter alone the company's margin was hit by nearly 100-120 basis points due to wage hikes and the pressure on margins is expected to continue. Management is of the view that wages will impact margins by close to 300 bps in the first quarter, but it will normalize over the year to a 100 bps drop.

At the CMP of Rs 2905.95, Infosys Technology is trading at a P/E multiple of 25.90x and 23.05x of FY12(E) and at current EV/EBIDTA of 16.02x and 15.83x FY12(E), we would recommend 'HOLD' in the scrip with a price target of Rs 3400.00 for Medium to Long term outlook. The knee-jerk reaction to its earnings number which resulted in a sharp correction in the stock has given an opportunity to enter the stock after it went too expensive.

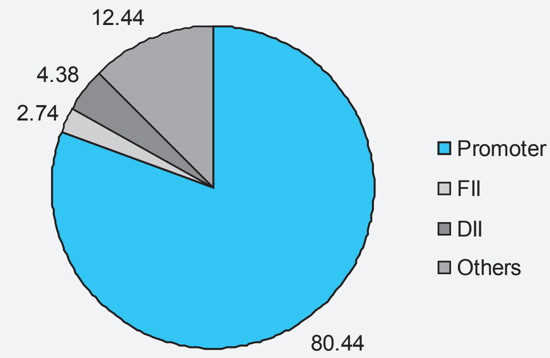
HEXAWARE TECHNOLOGIES



- Hexaware Technologies, a leading global provider of IT, BPO and consulting services, it has recently signed a contract resulting with an existing client in the United States and the company expects to generate revenues worth $10-$15 million annually from 2011 onwards from this BFSI client which was just a one-million dollar client for Hexaware in 2009.
- The company has launched Hexaware HP Software Lab at its near-shore global delivery centre in Saltillo, Mexico. By leveraging this Lab, Hexaware shall demonstrate its proprietary software tools and application integrators that the company has developed to specifically save implementation time, maximize customer return-on-investment, and facilitate easy usage of these industry-leading solutions.
- The company registered robust growth and staged a better than expected performance in the quarter ended March 31, 2011 as its consolidated net profit more than quadrupled to Rs 53.83 crore from Rs 11.6 crore a year earlier. The company added 10 new clients in the quarter, three in the America, three in Asia Pacific and four in Europe. Its operating margin for the first quarter improved to 12.4% from 9.3% in the previous three months and 5.5% a year earlier, largely due to volume growth and an increase in prices.
- At current market price of 69.20, Hexaware is trading at a P/E ratio of 10.85. Going forward, EPS of the stock is expected to be at Rs 5.7 and Rs 6.6 for FY12 and FY13 respectively, driven by strong revenue growth of 25% revenue CAGR over FY11 - 13E and improvement in margins to 13.1%/13.3% in FY12/13. The IT major is in advanced stages of negotiations with some existing clients and hopes to clinch a few deals in this quarter. Our target price reflects around a 5%-10% upside potential return from the current market price. We maintain a BUY recommendation achievable over a medium to long term.

Last Traded Price (As on April 29, 2011)	Rs 69.20
Price target	76
Market cap. (Rs cr.)	2,014
52 Week H/L	74/33.63
Free Float (Rs cr.)	1,511
BSE code	532129

ORACLE FINANCIAL SERVICES SOFTWARE LTD



- Oracle Financial Services Software (formerly I-flex solutions) is a leading provider of applications and professional services for the financial services industry. Its portfolio of offerings includes Oracle FLEXCUBE, a complete banking product suite for retail, consumer, corporate, investment, and asset management, and investor servicing.
- The company has market leadership through a great product suite and has high class delivery capability which helped the company to deliver an operating margin of 37% for the quarter ended December 31, 2010.
- The company has recently added several top tier customers in Asia, Europe and the United States as it continued to meet the growing requirements of the global financial services industry through sustained investments in its wide ranging product and services. During the quarter ended December 31, 2010, the company added 12 new product customers, 6 new services customers and signed new licenses of $14 million.
- Ecobank Africa, the leading independent regional banking Group in West and Central Africa, replaced its existing core-banking applications for its Pan-African operations with Oracle FLEXCUBE and enabled Direct Banking in several countries in the quarter.
- At the current market price of Rs. 2,018.05, Oracle is trading at a P/Ex of 23.01x for FY11E and 20.91x for FY12E. During the FY10, OFSS traded at a P/E of ~24.9x, which reveals a premium to the second line, Indian IT stocks. Going forward, EPS of the stock is expected to be at Rs.90.48 and Rs.99.58 for FY11E and FY12E respectively. Our target price reflects around a 10% upside potential return from the current market price. We maintain a BUY recommendation achievable over a medium to long term.

Last Traded Price (As on April 29, 2011)	Rs 2,018.05
Price target	2220
Market cap. (Rs cr.)	16,930
52 Week H/L	2,510.00/1,910.10
Free Float (Rs cr.)	3,386
BSE code	532466

Sadbhav Engineering bags order worth Rs 236.20 crore

Sadbhav Engineering in joint venture with GKC Projects has been awarded the contract by the Executive Engineer (CPC- I), Sardar Sarovar Narmda Nigam (SSNL), Gandhinagar, Gujarat for aggregating value of Rs 236.20 crore. Sadbhav Engineering will lead the joint venture with 52% participation share. The scope of work includes EPC contract for construction of Radhanpur Sub Branch Canal, Manpura Sub Branch Canal, Distributaries & Minors of Radhanpur Branch Canal, RSBC & MSBC (Earthwork, lining, Structures, Service Road, CR/Escape/HR, Gates, Stop logs, Control Cabin) including Geo Tech investigation, Design of structures and Operation and maintenance for the same for five years.

RIL's D-6 block operations to be scrutinised

Reliance Industries' D-6 block operations will be thoroughly scrutinised by the Government amid growing concerns of dwindling supply from the biggest gas field in the country. The government officials are also considering if the company should be allowed to recover the costs of wells that are not pumping gas. Since the field output has declined in recent months, the Government had directed Reliance to stop supplying gas to low-priority sectors to help customers who use gas to make fertilisers or to fire power stations. Against the projected production of 69.8 mmscmd in the government-approved plan the output has dropped to about 50 mmscmd.

Biocon plans to divest stake in German unit AxiCorp

Biocon, the largest listed Indian biotechnology company is likely to divest its stake in German unit AxiCorp to the existing group of the German unit's shareholders. The company early this year has indicated that its revenue from the AxiCorp unit will be pressured as it eliminated some low-margin drugs from its portfolio after the German government asked the drug makers to offer a rebate, and that could be the reason behind the decision to divest its stake in the company. AxiCorp was the licensee for Biocon's insulin and Glargine products in Germany and had the sole responsibility for commercializing these products. As a consequence of this divestment, these rights revert to Biocon. Though, the company has further clarified that this divestment decision would have no impact on the company's development of bio similar insulin in its tie-up with Pfizer.

Areva T&D India bags eBOP contract for Visa Power

Areva T&D India has been awarded eBOP (electrical Balance of Plant) contract by L&T Power for Visa Power. This value of the contract is worth approximately Rs 120 crore the contract is for supply and installation of electrical Balance of Plant solutions for the upcoming 2x600 MW super thermal power plants at Raigarh, Chhattisgarh. As part of the project, Areva T&D India will manufacture and install a 400 kV Air-insulated Substation (AIS) with civil works along with power plant distribution systems comprising of medium voltage switchgears, service and distribution transformers, low voltages switchboards, cables and bus ducts.

Bharti Airtel shuts down Manipur operations

India's leading telecommunication company, Bharti Airtel has stopped its operations in Manipur state following continuous attacks by militants on telecom towers and employees associated with the industry. The All Manipur Airtel workers union has demanded stern action against the culprits. The union want an amicable solution so that the workers can work in a peaceful environment. Leading telecom companies like BSNL, Airtel, Aircel, Vodafone, Reliance and Tata Indicom are operating in the region. Recently, unidentified militants torched an Airtel tower at the Langol game village in Imphal. Militants have been targeting the telecom companies in a big way from the past 24 months. 10 Base Transmitting Station (BTS) towers were destroyed by militants in 2010 whereas 17 towers in 2009. In February 2010, the proscribed Kangleipak Communist Party issued a warning that all the mobile companies were banned in Manipur.

Tata Motors to decide on overseas production site for Nano

Tata Motors, India's largest automobile company is at a very high stage in finalizing a production site for its small car Nano at an overseas location, which could be either in Latin America, South East Asia or Africa. The automobile major is exploring various options at different places and looking at uninterrupted supply chain for the components. Tata Industries is one of the investment arms of the Tata Group. Tata Motors is looking at the best options in terms of country locations or a geographic location. The company will also look at supply chain availability and at the accessibilities of markets, apart from considering land building facilities availability. Most importantly it will also be looking at the supply chain because component usage in a single automobile runs into thousands and if it is a large production, supply of these components of desired quality has to be highly reliable.

SBI scraps teaser home loan scheme

State Bank of India (SBI), country's largest lender withdraws special home loan schemes, or teaser rates, amid 'painful' rise in repayments for customers, as the Reserve Bank of India stuck to its view that the product was akin to the US subprime loans that sank the global financial system. The scheme will withdraw with effect from May 1, 2011. SBI Easy Home Loan and SBI Advantage Home Loan (teaser rate products) will be replaced by floating interest rate schemes on par with other commercial banks. Under the teaser home loan scheme, SBI was offering lower rate of interest of 8-8.5% for the first three years. It invited severe criticism from RBI, which had said the scheme could impact the asset quality of SBI's home loan portfolio. The withdrawal of teaser rates comes within a month of the new chairman Pratip Chaudhuri taking charge at SBI.

HCL Infosystems secures Rs 138 crore worth of contract

HCL Infosystems, India's premier hardware, services and ICT system integration company, has bagged Rs 138 crore Re-structured Accelerated Power Development and Reform Program (RAPDRP) order from the Jharkhand State Electricity Board (JSEB). The deployment would cover 30 towns, including 66 sub-division offices and 354 other offices of JSEB. The project would help the utility in the establishment of integrated IT solution for CRM, meter reading, billing and collection, energy auditing and accounting for collection of accurate data and monitoring of loss reduction performance of JSEN, thereby increasing efficiency of its employees.

Shilp Gravures inks JV pact with Italy based company

Shilp Gravures has signed joint venture (JV) agreement with Re SpA Controlli Industriali, an Italy based company. As per the agreement, both the parties will proceed for incorporation of new entity in the name of ReShilp Equipments (India). Re SpA Controlli will hold 49% stake in the new entity whereas Shilp Gravures will hold 51% stake in the new company. The main objective of the new entity will be of manufacturing, purchasing, selling, assembling, altering, establishing, renovating and reconditioning of all types of web control and reel management systems and other related plants, machineries, equipments and devices.

McNally Bharat bags order worth Rs 379 crore from SAIL's Bhilai Steel Plant

McNally Bharat Engineering Company has received an order worth Rs 379 crore from Steel Authority of India's Bhilai Steel Plant for design, engineering, supply of plant and equipment, transportation, storage, erection and commissioning, training of employer's personnel, supply of complete drawing and documents, demonstration of performance guarantees, handing over to the employer after regular and reliable working of installation of By-Product Plant Complex and its integration with existing facilities (Pkg 003A) for New Coke Oven Battery No 11. The schedule time for completion of order is 24 months.

IRB Infra bags order worth Rs 3600 crore from NHAI

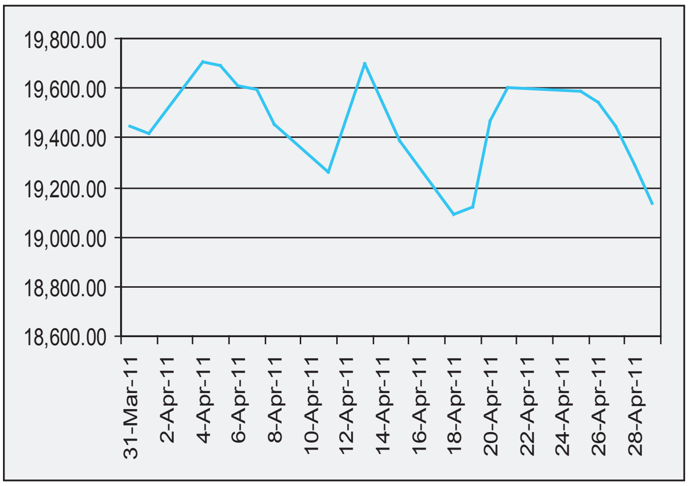
IRB Infrastructure Developers has bagged first ultra mega project of National Highway Authority of India (NHAI) worth Rs 3600 crore for Six laning of Ahmedabad to Vadodara section of NH-8 from km 6.400 to km 108.700 (Length 102.300 km) and improvement of existing Ahmedabad Vadodara Expressway from km 0.000 to km 93.302 in the State of Gujarat (Length 93.302 km) under Phase V on Design Build Finance Operate Transfer (DBFOT) Toll basis. The contract has to be constructed within a period of 3 years. Scope of work comprised up gradation of existing section of NH8 between Ahmedabad and Vadodara from existing 2 lane highway to a 6 lane super expressway and value addition to the existing Ahmedabad Vadodara Expressway. The company would get tolling rights on Ahmedabad-Vadodara expressway from the appointed date and has a concession period of 25 years. The premium offered to NHAI in the first year is Rs 309.60 crore which will increase by 5 percent YoY.

Coal India likely to invest $3 billion in coal mine at Indonesia

Coal India (CIL), the country's biggest coal producer, is planning to invest up to $3 billion in a coking coal mine, steel plant and a seaport on Indonesia's Kalimantan Island. The company was expected to complete the feasibility studies in June in order to know what coal reserves the company can develop. The company will prepare all the funds for the projects. However, the lack of a regulatory framework on land acquisition has made a lot of Indonesian projects uncertain. Central Kalimantan province has about 4.8 billion tonne of coal reserves and coking coal is estimated to represent around 40% of that.

The month of April brought disappointment for the markets again, while there was lots of international jitters but the major setbacks were induced by the domestic developments, whether it be the weak earnings announcements or the political developments, all weighed on the sentiments, taking the markets lower by more than one and half a percent. Inflation menace continued looming large on the minds of investors while the surge in global crude prices added to the jittery. From the very beginning the markets looked in a consolidation mood despite some good economic reports, the current account deficit (CAD) declined to $9.7 billion in the third quarter of the 2010-11 financial year compared with corresponding figure of $12.2 billion during the similar period of 2009-10 financial year. The improvement was also reflected in overall balance of payments (BoP) that showed a surplus in October-December quarter to the tune of $4 billion, compared with a surplus of $1.8 billion in the corresponding period of the last financial year. However, the July-September current account deficit was revised upwards by the Indian central bank to $16.8 billion from $15.8 billion given earlier. Also the India merchandise exports during the month of February 2011 registered a growth of nearly 50% to touch $23.59 billion. In terms of local currency, exports stood at Rs 107,215 crore, up by nearly 47% on annual basis. In the early part of the month investors appeared reluctant to pile up positions in large cap stocks and instead, chose to square off positions at every rise, though some support came from the Foreign Institutional Investors (FIIs) as they went for value hunting in beaten down shares on expectations that most of the headwinds have already been factored in. Though, the domestic traders always looked cautious, with the tepid growth of industrial production, according to the data released by the central statistical office (CSO) growth in the index of industrial production (IIP) came down to 3.6% in February 2010 compared with 3.9% (revised) in the previous month. There was a slowdown across the board if one looks at year-on-year comparisons. Manufacturing sector which has the highest weight in IIP expanded by just 3.5% compared with 16.1% growth seen in the same month a year ago. Mining was another poor performer expanding at just 0.6% as against 11% growth a year ago. Electricity was the only sector that performed well with growth of 6.7% compared with 7.3% growth in February 2010.

BSE Sensex movement for the month of April



BSE Sensex Monthly Gainers			
Company	Prev Price (March 29'11)	Last Price (April 29'11)	Change (%)
Hero Honda	1546.35	1709.65	10.56
M&M	686.30	753.80	9.84
ONGC	283.10	308.90	9.11
ITC	179.20	191.95	7.11
Maruti Suzuki	1239.25	1319.75	6.50

◆ Hero Honda Motors plans to aggressively tap India's expanding scooter market by boosting capacity, launching new models every year and targeting women buyers. The move would bring Hero Honda's owner, the Hero group, in competition with Japan's Honda Motor, which agreed to sell its stake in Hero Honda, their joint venture, to the local partner last year. Scooter sales at Hero Honda are still less compared to other companies in the market. The New Delhi-based company plans to launch six to seven two-wheeler models every year, including at least two scooters.

◆ Mahindra & Mahindra (M&M) a part of $11.1 billion Mahindra Group has launched its sedan - the Verito. The new Verito retains the same strength of the Logan, while adding a new style with some key changes. Now equipped with several rugged and sporty styling elements, the Verito is all set to be the most exciting buy in the entry level sedan category for Indian Consumers. It is competitively priced at Rs 4.82 lakhs (petrol BS3 version) and 5.62 lakhs (Diesel BS3 version).The BS4 compliant version is also available for BS4markets. Verito which is derived from the Latin word “veritas” means truth and goes with the overall image of an honest, sensible and dependable car. Powered by Renault engine, the Verito is a sedan which remains true to itself and the consumer by offering the unique proposition of space, mileage and performance along with style. The exterior of this car is quite unique with ski racks and side cladding, which are available for the first time on the sedan in the Indian market.

BSE Sensex Monthly Lossers			
Company	Prev Price (March 29'11)	Last Price (April 29'11)	Change (%)
DLF	253.35	222.90	-12.02
RCom	109.60	99.80	-8.94
Infosys	3172.05	2905.95	-8.39
RIL	1022.65	981.95	-3.98
Jindal Steel	678.60	653.20	-3.74

◆ The income tax authorities of Haryana have recently detected non-payment of taxes worth over Rs 1,000 crore by the DLF Group of Companies, headquartered at Gurgaon. According to some reports the DLF Group of Companies had earned Rs 2,500 crore as income from leasing out the SEZ (special economic zone) properties in Gurgaon and Chennai during financial year 2008-2009, but had not paid any taxes on the same. The IT authorities after examining the tax returns filed by the said companies, namely, DLF Infocity Developers, Chennai and DLF Cyber city Developers, Gurgaon, rejected the companies' claims of exemption sought under provisions of IT Act, 1961 or SEZ Act.

◆ The CBI has filed charges against a unit of Anil Ambani's Reliance ADA Group controlled country's No. 2 mobile firm Reliance Communications and the three officials in the multi-billion dollar telecoms licensing scandal. Three executives of the company have appealed to the Delhi High Court seeking bail in the 2G scam. A CBI court had rejected bail applications of executives from Reliance ADA Group and the Indian joint ventures of Norway's Telenor and the UAE's Etisalat.

In the beginning of the second part of the month some cheers returned to the markets, after the disappointments of the Infosys numbers the other major companies came up with better results helping the markets to some extent. And also reports that India's exports surged 37.5% in 2010-11-their fastest annual growth since independence and projections of monsoon to remain normal this year set the tone of an outright rally in early days. Total merchandise exports of the country reached $246 billion in FY11, comfortably crossing the target of $200 billion worth exports set by the ministry of commerce and industry a year ago. But being the earnings season the individual stocks kept buzzing and while better results were commended the bad performers were equally punished. After the disappointing guidance of Infosys, the markets heavyweight Reliance Industries' below expected performance spooked the markets. Though the company reported a profit growth of around 25% for the year ended March 31, 2011, but lower than expected gross refining margin (GRM) in the last quarter of the fiscal proved to be the dampener for the company. It was the last few trading sessions of the month that dragged the markets considerably lower characterized by the volatility of the F&O series expiry, though high rollovers were seen, showing the optimism and faith in the markets but some heavy selling turned the mood cautious too. Furthermore the Foreign Institutional Investors that were seen investing in the early part of the month ploughed back their money from the local markets in the latter part of the month, anticipating that deteriorating domestic macro headwinds will have adverse impacts on the companies' earnings, thereby reducing the returns on investment. In the coming month too, if the trend continues it will have a detrimental impact on the Indian markets, also the investors will be eying the Reserve Bank's monetary policy meet for the year 2011-12 in the early part of the month, though the markets seems to have made up its mind for a 25 basis points hike in its key policy rates but any surprise, which is least likely to happen may jitter the markets again. The IMF has advocated stringent measures by the RBI in its upcoming policy meet while the Asian Development Bank has warned that rising food and fuel prices could hurt growth in India and push millions of countrymen into extreme poverty, so the apex bank will be considering them as well along with the slow growth in industrial production.

Apparel exports up by 18% in March

India's apparel exports have seen significant traction in last few months as the demand from key export destinations like the US and European Union improves. In the month of March 2010, total apparel shipments stood at $1209 million, recording a growth of nearly 18% when compared with same month a year ago.

On a full year basis, apparel exports during April-March 2011 increased by 4.23% at $11.16 billion as compared to $10.71 billion in the year-ago period, showed the data released by the Apparel Export Promotion Council (AEPC) of India. Apparel exports were weak in the initial months of the fiscal however significant traction was visible since the month of November 2010, which helped the industry end the year in green, said AEPC.

Apparel exports to the US, which is the most important market for India's garment makers, increased by 12.5% in the month of February to $586.9 million against $521.7 in Feb 2010. For the same period, overall US imports of apparels witnessed an increase of 16.9% from the corresponding period of previous year and amounted to $11.7 billion. Clearly, while Indians have been improving exports to the US, they are being outpaced by some other countries like China.

India's textile industry was one of the worst hit by impact of global slowdown which saw the demand from developed countries like the US and EU going down considerably. While the overall demand scenario has improved over last one year, apparel exporters have been facing increasing competition from countries like China and Bangladesh as all key exporters try to hold on to their market share. The industry wants the government to ensure that cotton and yarn prices come down from the elevated levels so that exporters can compete in global markets on price basis.

New telecom policy may not favour auction of 2G spectrum

Even as the below price sale of second generation (2G) spectrum continues to rock Indian politics, the department of telecommunications (DoT) is still not sure should it auction the future release of 2G spectrum to discover a price or use an artificially computed price as recommended by the telecom regulator.

Telecom minister Kapil Sibal had said recently that there was unanimity in the DoT as well as wider government functionaries that there must be an appropriate price determined for spectrum for future allocation, so that the government could realise reasonable resources for the spectrum which remains a scarce resource. However, there is perhaps still no consensus on how such a price should be reached, that is, through auction, or be fixed by the regulator.

The telecom regulatory authority of India (TRAI) had earlier recommended a one-time hike in fixed spectrum prices by six times compared to the price at which it was auctioned in 2008. This would while result in the government getting a reasonable sum for allocation of the scarce spectrum, at the same time it will ensure that there was no unnecessary cut throat competition in bidding that could lead to surge in spectrum prices and foster monopolistic tendencies in the sector in long run.

The debate is also going on with regard to the price of excess 2G spectrum held by many incumbent operators. As the license agreement, each incumbent operator was entitled to a total of 6.2 MHz of the 2G spectrum. Beyond that point, spectrum was earlier allocated by the government based on number of subscribers of a particular operator and rising subscriber numbers led to nearly all incumbent GSM players having way above the 6.2 MHz level of spectrum in many circles.

The regulator in this wake has recommended that a one-time charge should be imposed on operators for excess spectrum. The TRAI has advocated that such onetime charge be linked to price discovered in the 3G auction. Otherwise, the charge could also be linked to new price of 2G spectrum proposed by it, which is six times the earlier price. In either of the cases, incumbent operators will have to bear heavy outgo and as a result the industry has been contesting TRAI's recommendations fiercely.

Power ministry in favour of restricting use of imported machinery

Increasing use of imported equipment in country's power generation sector, particularly that of the used machinery, has raised concerns with the ministry of heavy industries as well as ministry of power on the kind of impact such a trend will have on domestic equipment producing industry, which is already bearing the brunt of high inflation and rising cost of production. Domestic equipment industry has been urging the government to hike the import duty on power equipment as excessive inward shipments from countries like China was hugely affecting its business. The matter was taken up at a meeting of the committee of secretaries (CoS) where it was decided that while imports should not be totally restricted, it should be made sure that only high quality imports come in, and also that there is no systematic surge in imports.

According to the deal reached between power and heavy machinery ministers, certain qualifying norms would be placed on import of power equipment into the country. Such imports will be allowed only if the equipment meets the efficiency norms as stipulated by the Bureau of Energy Efficiency. Besides, the power ministry also agreed to pre-shipment inspection of used machinery by designated agencies as would be chosen by the Indian government. This inspection would happen at the source of the machinery being imported and if any quality issues are found, the shipment will not be cleared.

Government announces empowered committee for setting up semiconductor Fabs

In a move that can generate massive boost for the information technology and electronics sectors in the country, the Indian government is finally getting ready to set up semiconductor wafer fabrication (Fab) units. It has set up of an empowered committee for the purpose that will identify technology and investors for setting up two Fab units in the country. The committee includes Adviser to Prime Minister on Public Information, Infrastructure and Innovation; Chairman, National Manufacturing Competitiveness Council (NMCC); Secretary, Department of Expenditure; Member (Industry), Planning Commission; Former CMD of Semiconductor Complex M J Zarabi. The committee may also co-opt any other experts as and when it feels necessary.

Electronics hardware sector is very capital intensive in nature and is facing several disabilities and barriers including technological and financial. The government expects that the initiative taken by it will have significant impact in resolving these issues and help Indian electronics hardware industry to develop localized content/ value addition. According to government estimates, the investment for the two Fabs will be around Rs 25,000 crore. It will finalize exact level of government support towards this end, including cash and kind subsidies by way of negotiations with interested parties.

Exports record a bumper year, up 37.5% in FY11

India's exports have recorded a bumper year in fiscal 2010-11, showing the highest growth in the post-independence period at 37.5%. Total merchandise exports of the country reached $246 billion in FY11, comfortably crossing the target of $200 billion worth exports set by the ministry of commerce and industry a year ago.

Commerce minister Anand Sharma while releasing the trade figures on Tuesday said, 'Exports have indeed exceeded our expectations. This is the highest annual percentage growth ever.' Explaining the reason behind good performance, Sharma said that while there has been an improvement in the demand for Indian goods in traditional markets like the US and EU with the recovery in global economy, a lot of exports have also come from new markets like Latin America.

India-EU intensify negotiations for early signing of FTA

India and the European Union (EU) have intensified the process of negotiations for the much awaited trade deal so that the same can be clinched within current calendar year, said the Indian Commerce and Industry Minister Anand Sharma on Monday. The EU is India's largest trading partner, while India is EU's ninth largest trade partner.

'Both the sides are committed to a balanced, ambitious free trade agreement by the spring of 2011,' Sharma said. He was speaking to media after attending a meeting with Ireland's Minister for Enterprise, Jobs and Innovation Richard Bruton. Sharma is on a state visit to Ireland with both the sides looking to improve flow of investments between across their borders.

India and EU started negotiations for a trade deal in 2007 and since then 12 rounds of negotiations have been completed. The Broad-based Trade and Investment Agreement (BTIA), as it is officially called, is expected to generate additional trade worth more than $25 billion over next five years. According to officials in Indian commerce ministry, about 90% of the bilateral trade in goods and services would be covered under the pact, which will make it most ambitious trade pact ever entered into by India.

India's GDP to grow by 8.8% in FY12: CMIE

Though the fear of surge in global oil prices, high inflation and further expectation of monetary tightening by RBI this financial year still looms big on the head of India's growth story, as per the latest monthly review of Centre for Monitoring Indian Economy (CMIE), India's GDP is projected to continue to grow at a brisk pace of 8.8% in 2011-12 (FY 12). As per the report, various factors such as improved agricultural output, strong private consumption, robust investment, and a pick-up in exports will provide a big boost to the growth of the country. Besides this, the domestic environment is favorable for growth and private final consumption expenditure is projected to grow by a healthy 7.5% and gross fixed capital formation by 14.6%.

In FY11, the performance of India's economy has been robust, and real GDP is estimated to have grown by 9% during the fiscal powered by a rebound in the agricultural sector following the drought in 2009-10, and a sharp pick-up in private consumption and gross fixed capital formation. In FY 12 too, the agriculture and allied sector are expected to witness robust growth and will most likely grow by 3.1%, on top of the 5.1% growth estimated in 2010-11. This will be the third consecutive year of positive growth.

Full Year														
Company Name	Year End	NOM	Equity Rs. Mn.	FV	Promoter Stk %	BV Rs.	RONW (%)	Sales Rs. Mn.	Sales Var (%)	OPM (%)	NP Rs. Mn.	NP Var (%)	DIV (%)	CPS (Rs.)
CMC	201103	12	151.50	10	51.12	314.58	30.17	7980.81	14.76	23.07	1557.31	20.18	200	109.45
Core Proj & Tech	201003	12	197.19	2	47.64	74.02	18.22	4179.52	20.93	41.27	1118.42	56.85	30	10.76
eClerx Services Ltd	201003	12	190.31	10	59.30	104.71	39.80	2570.21	30.41	34.32	725.92	19.71	175	27.53
Educomp Solutions	201003	12	190.03	2	49.77	127.28	26.92	8322.20	66.06	60.03	2218.65	68.61	87.5	32.72
Financial Technology	201003	12	92.16	2	45.39	443.08	18.17	3329.60	-0.41	-	3443.66	-6.57	400	76.01
GTL	201103	12	967.24	10	52.53	117.92	14.88	23963.02	54.47	16.76	1397.53	-11.75	30	21.34
HCL Infosystems	201006	12	436.50	2	50.24	87.27	17.12	119675.80	-2.14	3.57	2615.50	0.43	375	12.98
HCL Tech.	201006	12	1357.60	2	64.65	69.74	25.08	50787.60	8.63	30.09	10565.80	5.94	200	19.40
Info Edge	201103	12	545.91	10	54.05	84.25	19.87	2940.13	25.82	42.85	839.72	47.51	7.5	16.69
Infosys Tech	201103	12	2870.00	5	16.04	426.85	27.69	253850.00	20.08	37.66	64430.00	11.95	1200	125.11
KPIT Cummins	201103	12	157.05	2	27.12	49.25	28.02	5385.55	26.11	21.36	694.88	-11.42	35	11.97
Mindtree Ltd	201103	12	400.00	10	31.94	192.90	17.31	15090.00	22.36	14.86	1231.00	-40.84	25	48.53
Mphasis	201010	12	2099.39	10	60.53	138.52	40.41	37700.90	10.72	32.04	9968.80	19.12	40	52.99
Onmobile Global	201003	12	585.17	10	48.40	123.57	7.62	3639.20	11.25	31.92	529.10	-25.14	-	16.65
Oracle Financial Ser	201003	12	419.27	5	80.44	498.15	17.19	22434.70	1.39	38.02	6608.50	-5.01	-	83.23
Patni Computer	201012	12	258.25	2	45.04	247.18	18.96	20306.10	15.95	39.98	6550.50	20.70	150	55.99
Persistent Systems	201103	12	400.00	10	38.88	185.22	19.27	6101.27	20.96	29.97	1335.87	14.13	55	43.27
Polaris Software	201103	12	494.81	5	29.01	78.83	17.73	14078.79	23.12	17.26	1870.28	43.16	70	21.52
Rolta India	201006	12	1611.95	10	41.91	117.91	20.44	11704.40	23.63	59.64	3605.10	-3.17	32.5	38.43
SteIntEnt	201006	12	271.40	1	40.31	35.95	0.10	41.94	9.99	82.28	5.32	79.73	-	0.12
TCS	201103	12	1957.20	1	74.05	99.53	43.64	292754.10	27.04	31.62	75699.90	34.73	1400	41.43

Scorecard Legends : NOM - Number of Months for which P& L a/c is prepared by the companies, Equity Rs.Mn - Latest Paid Up Capital of the Company, FV-Latest Face values of equity Shares, Promoter Stk % - Its promoter holding in the equity capital of the company as per latest shareholding pattern, BV Rs. - Book Value Per Share is calculated as (Equity + reserves) / No of Equity shares, RONW - Return on Net Worth is calculated as {(Net profit - preference capital)/ Shareholder's Fund }*100.Share- holders funds includes Equity Paid Up + Reserves excluding revaluation reserves - Misc Expenditures Not written off, Sales Rs. Mn - Sales , Turnover & Income from operations,Sales Var% - Percentage Change in Sales over previous period Sales, OPM% - Operating Profit after interest expended as a % of Interest income & income from operation, NP Rs. Mn - Net Profit as reported after Tax, NP Var% - Percentage Change in Net profit over previous period Net profits, Div% - Total % of Dividend Declared during latest Financial year.

	Latest Quarter					TTM			Market Data				
EPS Rs.	Sales Rs. Mn.	Sales Var (%)	OPM (%)	NP Rs. Mn.	NP Var(%)	Ended	EPS Rs.	NP Var (%)	Price 29/04/11	H52W	L52W	PE	Mkt. Cap (Rs. Mn.)
102.79	2152.20	19.88	21.58	385.30	-1.76	201103	102.79	16.79	2038.40	2736.30	1327.00	19.83	30881.76
10.25	1235.57	1.54	42.43	244.31	-21.07	201012	9.04	-9.56	303.90	350.60	150.00	33.64	29963.41
25.16	871.30	26.18	48.31	357.00	68.73	201012	40.16	45.30	698.00	797.95	317.53	17.38	13283.64
23.22	2764.20	35.58	56.38	1120.30	74.68	201012	31.29	31.33	476.75	702.70	387.00	15.23	45298.40
74.73	814.06	-22.71	-	787.88	27.59	201012	54.78	-50.14	861.90	1576.00	689.05	15.73	39715.09
14.37	5993.48	36.54	17.74	348.52	-8.98	201103	14.37	-13.31	417.00	488.80	340.00	29.02	40334.10
11.98	25906.50	-7.40	3.89	539.60	-19.17	201103	11.03	-7.30	110.75	139.50	83.50	10.04	24171.19
15.41	16977.30	31.90	23.92	3318.10	26.37	201103	15.32	3.69	520.40	528.40	347.00	33.97	353247.52
15.38	818.68	24.55	45.02	268.91	103.06	201103	15.38	32.21	706.50	773.00	392.50	45.93	38568.19
112.22	66680.00	21.24	38.78	17300.00	25.18	201103	112.22	10.68	2905.95	3493.95	2510.00	25.90	1668015.30
7.96	1918.21	92.93	28.75	376.78	154.34	201103	7.96	-12.90	162.60	192.90	88.00	20.44	12767.85
30.75	3912.00	21.02	13.88	322.00	-41.22	201103	31.87	-63.06	367.50	600.00	342.00	11.53	14700.00
47.47	8212.90	-14.48	31.01	2091.10	-12.33	201101	46.07	8.21	469.15	711.90	355.00	10.18	98492.83
8.97	1251.70	39.65	26.54	176.80	36.00	201012	12.57	22.88	278.70	400.00	180.90	22.17	16308.69
78.77	5837.40	5.08	46.10	2473.50	29.16	201012	92.75	-4.03	2018.05	2510.00	1910.10	21.76	169223.18
49.10	5427.20	10.17	39.60	1767.50	11.61	201103	50.48	8.57	426.65	624.00	412.55	8.45	55091.61
33.40	1661.97	20.25	26.98	323.41	-23.59	201103	33.40	12.38	383.30	507.50	337.05	11.48	15332.00
18.85	3864.33	31.60	16.87	510.50	38.06	201103	18.85	30.15	196.75	215.00	132.10	10.44	19470.62
22.35	3550.60	24.60	54.96	1949.50	137.37	201012	30.59	13.60	138.50	190.25	128.15	4.53	22325.48
0.02	10.06	2.55	40.26	0.52	-58.06	201012	0.02	37.37	247.65	298.00	122.35	-	67212.97
38.68	79697.50	37.24	32.83	21491.80	49.22	201103	38.68	25.78	1163.60	1247.00	692.00	30.08	2277397.92

CPS Rs. - Cash Profit per Shares, EPS Rs. - Earning Per Shares is calculated as Net Profit / Number of Equity Shares, Sales Rs. Mn - Sales ,Turnover & Income from operations for Latest Quarter, Sales Var% - Percentage Change in Sales for Latest Quarter over previous Corresponding Quarter Sales, OPM% - Operating Profit after interest expended as a % of Interest income & income from operation for Latest Quarter,NP Rs. Mn - Net Profit as reported after Tax for Latest Quarter,NP Var% - Percentage Change in Net profit for Latest Quarter over Previous quarter Net profits, Ended - Trailing Twelve months Ended On, TTMEPS - Earning Per Shares is calculated as TTM Net Profit / Number of Equity Shares,TTMNP Var% - Percentage Change in TTM Net profit over Corresponding previous TTM Net profits, H52 - High Price during last 52 Week,L52 - Low Price during last 52 Week,PE - Market Price / TTM Earning Per Shares,Market cap Rs.Mn - Market Capitalisation is calculated as Latest price multiplied by No of Equity Shares outstanding.

Rs. in million

Company Name	Net Sales		Change In Sales	% Change in Sales	Net Profit		Change In Net Profit	% Change in Net Profit
	201012 Qtr	200912 Qtr			201012	200912		
SPIC	8680.85	946.58	7734.27	817.08	809.28	-210.53	1019.81	-484.40
India Steel Works	1128.03	272.39	855.64	314.12	-12.05	-119.87	107.82	-89.95
Ultratech Cement	45559.30	19225.30	26334.00	136.98	7267.70	2285.40	4982.30	218.01
Oudh Sugar Mills	3286.37	1428.29	1858.08	130.09	102.98	-299.54	402.52	-134.38
Sadbhav Engg.	10467.20	4572.76	5894.41	128.90	539.35	181.34	358.01	197.43
Upper Ganges Sugar	2483.20	1105.10	1378.10	124.70	152.82	-108.71	261.53	-240.58
Manappuram Gen Fin	4198.70	1914.60	2284.10	119.30	1018.00	520.57	497.43	95.55
Sharp Industries	490.20	241.25	248.95	103.19	85.74	26.47	59.27	223.91
AVT Natural	536.40	266.10	270.30	101.58	51.20	24.90	26.30	105.62
Dhanalakshmi Bank	2961.70	1504.50	1457.20	96.86	111.50	56.00	55.50	99.11
Shreyas Inter.	445.13	227.63	217.50	95.55	-29.75	-15.36	-14.39	93.68
BASF India	6787.20	3492.40	3294.80	94.34	120.20	104.90	15.30	14.59
Nile	934.53	482.65	451.88	93.62	92.31	-11.08	103.39	-933.12
KPIT Cummins	1918.21	994.24	923.97	92.93	376.78	148.14	228.64	154.34
Tulsyan NEC	3510.88	1849.73	1661.15	89.81	39.69	40.31	-0.62	-1.54
Goa Carbon	950.65	508.83	441.82	86.83	19.78	16.23	3.55	21.87
Yes Bank	12226.10	6646.00	5580.10	83.96	2033.80	1400.30	633.50	45.24
Arcotech Ltd	719.59	392.07	327.52	83.54	5.69	8.10	-2.41	-29.75
Muthoot Capital	115.25	65.97	49.28	74.70	26.79	20.61	6.18	29.99
Timken India	1665.70	964.60	701.10	72.68	229.80	115.30	114.50	99.31
Rel.IndInf	180.44	106.02	74.42	70.19	43.48	54.42	-10.94	-20.10
Petronet LNG	39859.70	23854.50	16005.10	67.09	2062.75	972.93	1089.82	112.01
Skyline Millars	113.40	68.09	45.31	66.54	6.47	16.28	-9.81	-60.26
Sesa Goa	30820.20	18587.40	12232.80	65.81	12103.80	9643.30	2460.50	25.52
Auto.Axle	2781.36	1702.91	1078.45	63.33	184.00	125.80	58.20	46.26
MahLifeSc	1638.30	1009.60	628.70	62.27	304.90	236.90	68.00	28.70
Fairfield Atlas	499.56	308.07	191.49	62.16	62.56	86.24	-23.68	-27.46
IBull Fin	5900.84	3683.15	2217.69	60.21	1588.04	835.21	752.83	90.14
JSW Energy	12034.10	7518.40	4515.70	60.06	2198.40	3150.30	-951.90	-30.22
NatlPlastic	156.88	98.75	58.13	58.87	-11.57	5.25	-16.82	-320.38
Asahi Inds.	333.64	210.46	123.18	58.53	-9.49	0.24	-9.73	-4054.17
Natl.Pero	529.78	335.95	193.83	57.70	157.11	59.14	97.97	165.66
Chemplast Sanmar	5797.74	3693.88	2103.86	56.96	64.17	-452.65	516.82	-114.18
Sangam India	3583.60	2293.80	1289.80	56.23	213.10	77.90	135.20	173.56
VTM	397.91	255.32	142.59	55.85	-1.86	12.91	-14.77	-114.41
Hexaware Tech.	1428.85	919.52	509.33	55.39	458.62	79.07	379.55	480.02
Alfa Laval	2923.19	1896.24	1026.95	54.16	377.93	248.54	129.39	52.06
Gujarat Pipavav Port	830.62	540.67	289.95	53.63	59.80	-277.66	337.46	-121.54
MM Forgings	771.18	502.11	269.07	53.59	154.16	45.51	108.65	238.74
VST Industries	1613.60	1057.60	556.00	52.57	269.00	34.40	234.60	681.98
Pitti Laminations	814.81	537.91	276.90	51.48	28.90	28.47	0.43	1.51
PI Industries	2125.86	1403.80	722.06	51.44	203.82	105.77	98.05	92.70
Naga Fert	7819.97	5171.74	2648.23	51.21	284.80	230.44	54.36	23.59
Cheslind Textiles	520.70	347.80	172.90	49.71	39.50	13.70	25.80	188.32
Unit.Brew	8395.90	5731.50	2664.40	46.49	400.90	261.50	139.40	53.31
Coromandel Engg. Co	410.82	281.10	129.72	46.15	18.53	13.85	4.68	33.79
Axis Bank	43666.60	29884.50	13782.10	46.12	10201.10	7648.70	2552.40	33.37
RSWM	6027.50	4130.70	1896.80	45.92	450.80	248.10	202.70	81.70
Indusind Bank	10488.40	7202.10	3286.30	45.63	1717.60	979.60	738.00	75.34

Company Name	Year End	Price (Rs.) (29/04)	Yield (%)	EPS (Rs.)	FV	PE	TTM Year End	TTM NP Rs. ml	TTM EPS (Rs.)	TTM PE	52-Wk High (Rs.)	52-Wk Low (Rs.)
Indiabulls Securities Ltd	201003	16.30	12.27	2.66	2	6.14	201103	373.73	1.62	10.08	34.15	15.20
HCL Infosystems Ltd.	201006	110.75	6.77	11.98	2	9.24	201103	2407.10	11.03	10.04	139.50	83.50
Mastek Ltd.	201006	117.25	2.77	13.73	5	8.54	201103	25.98	0.96	121.61	311.50	116.20
JK Lakshmi Cement Ltd.	201003	51.05	4.90	19.71	5	2.59	201012	972.90	7.95	6.42	74.00	40.50
PSL Ltd.	201003	82.20	4.87	16.52	10	4.96	201012	764.68	14.30	5.75	155.25	64.50
JK Cement Ltd.	201003	127.20	4.72	32.32	10	3.94	201012	543.95	7.78	16.35	199.90	110.15
HEG Ltd.	201003	223.35	4.48	37.27	10	5.56	201012	1337.65	31.24	7.15	376.00	176.40
Allahabad Bank	201003	204.90	2.68	27.01	10	7.59	201012	13900.13	29.19	7.02	270.90	148.00
SRF Ltd.	201003	334.35	4.19	51.14	10	6.54	201012	4580.10	75.71	4.42	444.30	209.00
Balrampur Chini Mills Ltd.	200909	74.30	4.04	8.82	1	8.42	201012	-249.10	-0.99	0.00	97.60	62.00
Electrosteel Castings Ltd.	201003	31.40	3.98	6.31	1	4.97	201012	1369.05	4.19	7.49	56.00	28.50
Balmer Lawrie & Company Ltd.	201003	593.40	3.88	72.02	10	8.24	201012	1213.22	74.49	7.97	769.90	499.05
Indian Oil Corpn. Ltd.	201003	340.00	3.82	42.10	10	8.08	201012	90970.90	37.47	9.07	458.90	275.00
Peninsula Land Ltd.	201003	57.60	2.60	11.82	2	4.87	201012	2831.47	10.14	5.68	79.50	47.00
Graphite India Ltd.	201003	94.25	3.71	13.54	2	6.96	201012	1833.84	9.39	10.04	111.90	79.00
SJVN Ltd.	201003	21.50	3.70	2.37	10	9.08	201012	9282.00	2.24	9.58	28.00	19.40
JK Tyre & Inds. Ltd.	201003	95.10	3.68	39.81	10	2.39	201012	756.10	18.41	5.16	202.60	75.50
Nava Bharat Ventures Ltd.	201003	245.35	3.67	65.18	2	3.75	201012	3496.10	45.78	5.36	447.00	216.00
Andhra Bank	201003	139.00	3.60	21.56	10	6.45	201012	11945.58	21.35	6.51	190.15	113.00
Corporation Bank	201003	583.40	3.43	81.58	10	7.15	201103	14132.68	95.41	6.11	814.85	484.00
Bank Of Maharashtra	201003	60.30	3.32	10.21	10	5.91	201012	4000.47	8.30	7.26	84.95	51.60
Syndicate Bank	201003	116.90	2.57	15.58	10	7.50	201012	9268.58	16.17	7.23	164.20	84.15
Karnataka Bank Ltd.	201003	113.30	3.26	12.47	10	9.08	201012	1878.90	9.98	11.35	192.97	96.83
Rolta India Ltd.	201006	138.50	2.35	22.36	10	6.19	201012	4933.93	30.59	4.53	190.25	128.15
Geodesic Ltd.	201003	82.50	2.12	18.96	2	4.35	201012	2212.95	24.55	3.36	142.75	67.25
Indian Bank	201003	241.00	3.11	36.18	10	6.84	201103	17140.75	39.88	6.04	316.50	197.00
3I Infotech Ltd.	201103	49.45	3.03	6.22	10	8.40	201103	1194.10	6.22	7.95	75.80	38.15
Vijaya Bank Ltd	201003	83.05	3.01	11.70	10	7.62	201103	5238.20	11.08	7.49	115.35	52.20
Finolex Industries Ltd.	201003	103.00	2.91	10.67	10	9.65	201012	1271.12	10.25	10.05	128.50	64.80
Binani Cement Ltd.	201003	88.70	2.82	13.88	10	6.39	201103	905.10	4.80	18.48	108.80	75.00
Kesoram Industries Ltd.	201003	195.50	2.81	51.88	10	3.77	201103	-2102.10	-45.95	0.00	364.00	175.00
Mastek Ltd.	201006	117.25	2.77	13.73	5	8.54	201103	25.98	0.96	121.61	311.50	116.20
Jammu & Kashmir Bank Ltd.	201003	809.55	2.72	105.69	10	7.66	201012	5965.59	123.06	6.58	938.00	694.80
Allahabad Bank	201003	204.90	2.68	27.01	10	7.59	201012	13900.13	29.19	7.02	270.90	148.00
State Bank Of Bikaner & Jaipur	201003	550.60	2.66	91.03	10	6.05	201103	5508.80	78.70	7.00	781.62	384.55

Company Name	Year End	Price (29/04) Rs.	EPS	FV	PE
Essar Oil Ltd.	201003	132.35	0.23	10	539.76
Oberoi Realty Ltd.	201003	253.05	0.81	10	418.76
Sunteck Realty Ltd.	201003	336.80	1.15	2	292.95
Jindal South West Holdings Ltd.	201003	1139.75	3.95	10	288.63
ABB Ltd.	201012	857.90	2.98	2	287.52
Bajaj Finserv Ltd	201003	528.15	2.35	5	224.88
GVK Power & Infrastructure Ltd.	201003	24.15	0.14	1	175.89
Hindustan Copper Ltd.	201003	292.25	1.67	5	174.80
Fortis Healthcare (India) Ltd.	201003	154.90	0.96	10	161.62
Mercator Lines Ltd.	201003	40.85	0.27	1	150.74
Kwality Dairy (India) Ltd.	201003	147.50	0.99	1	149.58
Adani Power Ltd.	201003	112.45	0.78	10	143.52
Jubilant FoodWorks Ltd.	201003	734.80	5.18	10	141.80
United Breweries Ltd.	201003	462.00	4.04	1	123.82
Adani Enterprises Ltd.	201003	625.90	5.11	1	122.52
Indiabulls Power Ltd.	201003	22.20	0.19	10	118.95
Religare Enterprises Ltd	201003	465.00	4.34	10	117.27
Reliance Power Ltd	201003	130.25	1.14	10	114.25
Delta Corp Ltd	201003	87.70	0.88	1	107.17
IRB Infrastructure Developers Ltd	201003	175.70	1.68	10	104.58
Gammon Infrastructure Projects Ltd	201003	18.90	0.19	2	97.88
JMD Telefilms Inds. Ltd.	201003	19.90	0.22	1	91.71
Raymond Ltd.	201003	352.45	4.30	10	82.05
Bombay Dyeing & Manufacturing Co Ltd.	201003	393.05	4.49	10	82.05
Godrej Industries Ltd.	201003	189.45	2.55	1	74.36
Karuturi Global Ltd	201003	13.27	0.18	1	73.97
Arshiya International Ltd.	201003	193.55	2.62	2	73.84
Titan Industries Ltd.	201003	4035.05	56.39	10	71.55
Atlas Copco (India) Ltd.	200912	2687.60	37.56	10	71.55
Essar Shipping Ports & Logistics Ltd.	201003	98.90	1.46	10	67.67
Hindustan Oil Exploration Company Ltd.	201003	210.25	3.19	10	65.96
Entertainment Network (India) Ltd.	201003	242.05	3.75	10	64.58
Coal India Ltd.	201003	380.10	5.98	10	63.52
Glenmark Pharmaceuticals Ltd.	201003	298.45	4.76	1	62.69
Den Networks Ltd.	201003	98.80	1.59	10	61.98
Bharat Forge Ltd.	201003	347.35	5.71	2	60.87
EIH Ltd.	201003	85.90	1.46	2	58.99
Future Capital Holdings Ltd	201003	149.60	2.73	10	54.88

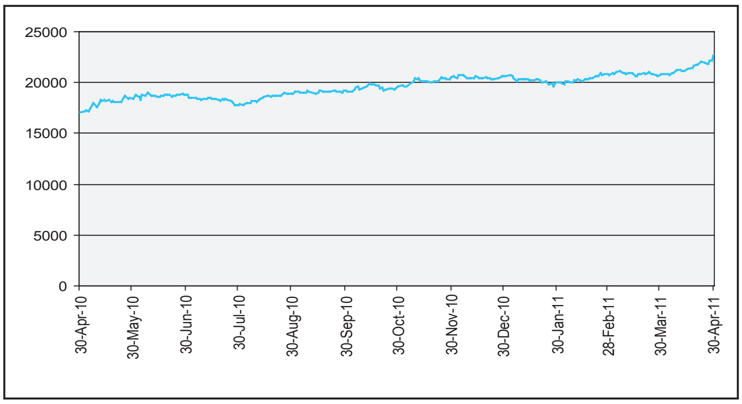
EPS Earning Per Shares is calculated as Net Profit / Number of Equity Shares (Rs)
FV Latest Face values of equity Shares (Rs)
PE Market Price / Trailing Twelve Months Earning Per Shares

Company Name	Year End	Price (29/04) Rs.	EPS	FV	PE
JK Tyre & Inds. Ltd.	201003	95.10	39.81	10	2.39
JK Lakshmi Cement Ltd.	201003	51.05	19.71	5	2.59
Orbit Corporation Ltd.	201003	48.05	17.46	10	2.75
Subex Ltd	201003	66.10	23.60	10	2.80
Bartronics India Ltd.	201003	63.30	19.10	10	3.31
Bharati Shipyard Ltd.	201003	162.75	47.99	10	3.39
Lakshmi Energy & Foods Ltd.	201009	47.85	13.07	2	3.64
Nava Bharat Ventures Ltd.	201003	245.35	65.18	2	3.75
Kesoram Industries Ltd.	201003	195.50	51.88	10	3.77
Marg Ltd.	201003	110.75	29.22	10	3.79
Prakash Industries Ltd.	201003	85.25	21.87	10	3.90
JK Cement Ltd.	201003	127.20	32.32	10	3.94
Punjab & Sind Bank	201003	109.85	27.79	10	4.05
Geodesic Ltd.	201003	82.50	18.96	2	4.35
JSL Stainless Ltd.	201003	88.75	20.39	2	4.35
Allied Digital Services Ltd.	201003	90.95	20.79	5	4.37
ICSA (India) Ltd.	201003	115.70	25.77	2	4.49
Jindal Poly Films Ltd.	201003	424.50	90.52	10	4.69
Birla Corporation Ltd.	201003	352.50	72.36	10	4.87
Peninsula Land Ltd.	201003	57.60	11.82	2	4.87
PSL Ltd.	201003	82.20	16.52	10	4.96
Electrosteel Castings Ltd.	201003	31.40	6.31	1	4.97
SREI Infrastructure Finance Ltd.	201003	51.60	9.56	10	5.38
Rei Agro Ltd.	201003	26.50	4.92	1	5.38
Central Bank Of India	201003	134.70	26.18	10	5.42
State Bank Of Mysore	201003	678.70	123.82	10	5.48
Chennai Petroleum Corporation. Ltd.	201003	223.20	40.51	10	5.51
HEG Ltd.	201003	223.35	37.27	10	5.56
UCO Bank	201003	104.45	18.42	10	5.67
State Bank Of Travancore	201003	777.50	136.85	10	5.68
IFCI Ltd.	201003	51.95	9.08	10	5.72
Sasken Communication Technologies Ltd.	201003	160.65	28.04	10	5.73
Aptech Ltd.	201003	106.40	18.57	10	5.73
Dena Bank	201003	104.20	17.82	10	5.85
Great Offshore Ltd.	201003	274.65	46.90	10	5.86
Bank Of Maharashtra	201003	60.30	10.21	10	5.91
Gujarat Alkalies & Chemicals Ltd.	201003	138.75	23.40	10	5.93
Punj Lloyd Ltd.	201003	66.70	11.06	2	6.03

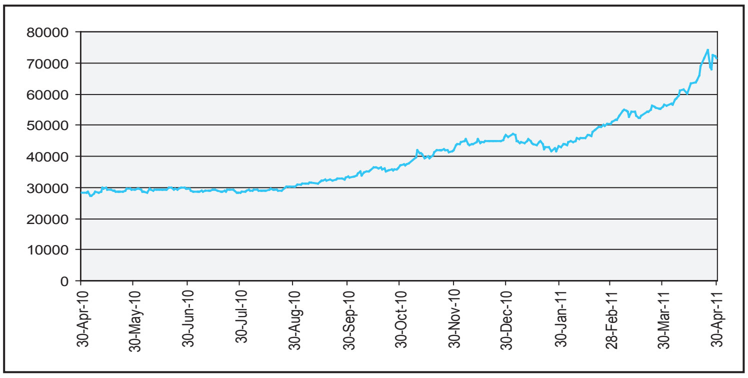
EPS Earning Per Shares is calculated as Net Profit / Number of Equity Shares (Rs)
FV Latest Face values of equity Shares (Rs)
PE Market Price / Trailing Twelve Months Earning Per Shares

Gold

Date	Price Rs.
30-Apr-11	22713.35
30-Mar-11	20700.00
28-Feb-11	20800.00
31-Jan-11	19973.35
30-Dec-10	20670.00
30-Nov-10	20548.75
30-Oct-10	19655.00
30-Sep-10	19185.00
30-Aug-10	18925.00
30-Jul-10	17772.50
30-Jun-10	18838.75
31-May-10	18406.65
30-Apr-10	17030.00



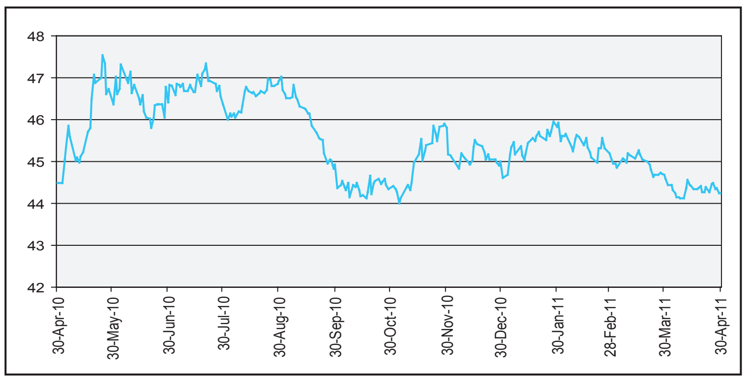
Silver



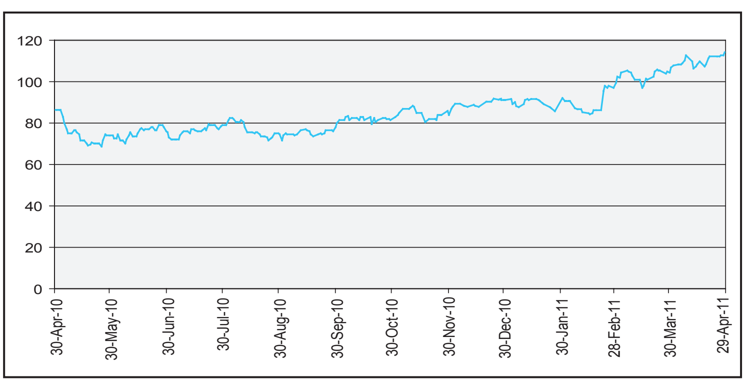
Date	Price Rs.
30-Apr-11	71400.00
30-Mar-11	56075.00
28-Feb-11	50300.00
31-Jan-11	43015.50
30-Dec-10	46750.00
30-Nov-10	42075.00
30-Oct-10	37198.25
30-Sep-10	33561.00
30-Aug-10	30368.25
30-Jul-10	28215.00
30-Jun-10	29724.75
31-May-10	29304.00
30-Apr-10	28274.40

Currency

Date	Price Rs
1-Apr-11	44.44
1-Mar-11	45.04
1-Feb-11	45.49
3-Jan-11	44.68
1-Dec-10	45.17
1-Nov-10	44.43
1-Oct-10	44.38
1-Sep-10	46.71
2-Aug-10	46.00
1-Jul-10	46.82
1-Jun-10	47.04
3-May-10	44.49
1-Apr-10	44.80



Crude



Date	Price $
29-Apr-11	113.93
30-Mar-11	104.27
28-Feb-11	96.97
31-Jan-11	92.19
30-Dec-10	91.12
30-Nov-10	84.11
29-Oct-10	81.43
30-Sep-10	79.97
30-Aug-10	74.70
30-Jul-10	78.95
30-Jun-10	75.63
30-May-10	73.97
30-Apr-10	86.15

Franklin Templeton Mutual Fund (G)

Franklin Infotech (Growth) is Franklin Templeton Mutual Fund Asset Management Company's, managed open-ended Equity - TECk scheme.

The fund was launched on August 22, 1998 and its fund manager is Anand Radhakrishnan.

The benchmark index of the fund is BSE IT and the custodian of the fund is Deutsche Bank A.G.

The current net asset value (NAV) of the fund as on April 29, 2011 was Rs 64.83; while the 52 week high NAV was Rs 72.66 on January 06, 2011 and the 52 week low NAV for the scheme was Rs 51.84 on May 25, 2010.

The minimum investment to the fund is Rs 5000 and additional investments can be made in multiples of Rs 1000.

The investment objective of Franklin Infotech Fund is to provide long term capital appreciation by investing primarily in the information technology industry.

The top five holdings of the fund are:

Company	Infosys Technologies	TCS	Wipro	Oracle Financials	Infotech Enterprise
% Holding	50.87	25.55	9.92	5.52	2.11

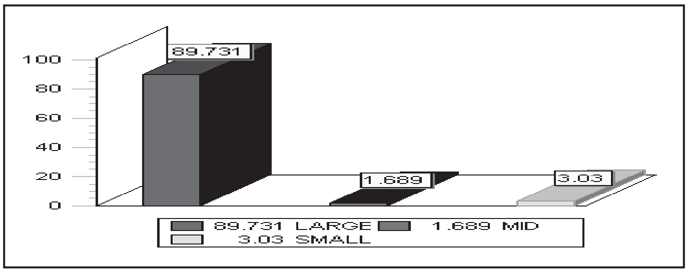
As far as market capitalization-wise companies are concerned, the scheme's portfolio consists of 89.73% from Large-cap, 1.69% from Mid Cap and 3.03% from Small cap stocks.

The fund has given a return of 22.40% since inception and a return of 16.31% in last one year, while the category average in the same period has been 11.40% and 9.79% respectively.

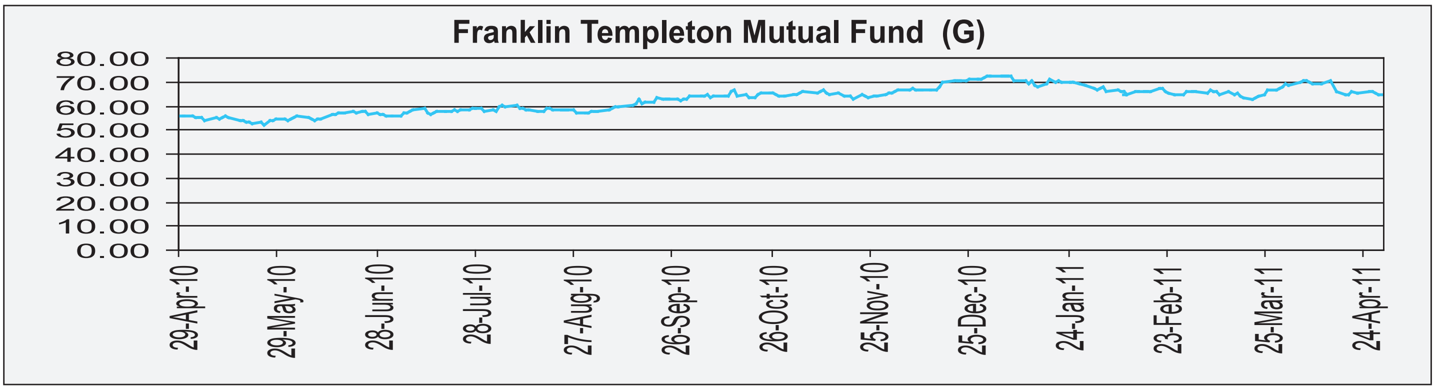
Outlook

Franklin Infotech (Growth) is Franklin Templeton AMC, managed open-ended Equity - TECk scheme, being managed by Anand Radhakrishnan. It is a sectoral fund mainly oriented towards the IT sector and in normal circumstances 65% of the total assets get invested in the equities of the information technology industry. This scheme focuses on investing in technology and technology dependent companies, as these sectors are often characterised as being largely insulated from economic cycles. The IT industry is not capital intensive and many IT companies earn good return on capital and are Economic Value Added (EVA) positive. There is good growth potential for the Indian information technology sector and it continues to remain robust over medium to long term. The fund manager of the scheme follows an active investment strategy taking defensive/aggressive postures depending on opportunities at various points in time. The scheme is the best performing one in its category and in view of the recovery in global economic conditions the IT sector is likely to perform well in future and so will the scheme.

Fund allocation



Market cap-wise Allocation Style	
Average Mkt Cap (Rs Cr)	48768.11
Market Capitalization	% of Portfolio
Large	89.73
Mid	1.69
Small	3.03
Note: Large-Cap = 5000 Crs. and above, Mid-Cap = 2000 Crs. to 5000 Crs. and Small-Cap = less than 2000 Crs.	



Last one year NAV Graph

Duration	1 Week %	1 Mth %	3 Mth %	6 Mth %	1 Year %	3 Year %	5 Year %	Since Inc. %
Scheme Return %	-1.00	-3.77	-5.47	1.07	16.25	15.36	9.23	22.37
Category Avg %	-1.05	-1.83	-4.54	-2.08	9.24	7.29	8.66	11.36

Returns As on April 29, 2011

Fund	AUM Rs.Crore March 2011	NAV Rs 29/04/11	Absolute %		CAGR %					
			1 Month	6 Months	1 Year	2 Years	5 Years	10 Years	Since Launch	Launch Date
Equity - Diversifited										
Birla SL India Opportunities(G)	50.73	53.77	1.40	-6.42	0.49	40.96	2.74	20.44	10.96	2-Mar-95
DSPBR Opp-Reg(G)	765.38	86.93	2.13	-7.42	12.04	37.80	11.60	29.20	21.81	16-May-00
DSPBR India T.I.G.E.R-Reg(G)	2300.89	45.42	2.07	-13.66	-1.28	25.63	9.30	-	24.59	11-Jun-04
Fidelity Equity(G)	3062.96	36.08	0.89	-5.01	14.33	40.54	14.80	-	24.04	16-May-05
ICICI Pru Dynamic(G)	3005.30	109.78	1.77	0.22	14.20	39.02	13.73	-	32.57	31-Oct-02
Kotak Opportunities(G)	942.99	46.11	2.08	-10.21	5.83	34.98	10.49	-	25.89	9-Sep-04
SBI Magnum Contra(G)	3105.91	56.07	2.64	-10.93	0.50	28.17	9.78	-	22.85	6-May-05
SBI Magnum Multicap(G)	506.49	17.77	2.19	-9.80	-0.11	26.99	4.19	-	10.77	16-Sep-05
Reliance Equity Oppor-Ret(G)	2837.87	36.29	4.02	-5.68	14.25	54.83	13.37	-	23.61	31-Mar-05
Reliance Vision-Ret(G)	2936.09	272.96	2.48	-8.50	7.79	34.54	10.49	34.71	23.67	8-Oct-95
Sundaram S.M.I.L.E Fund(G)	651.34	31.84	5.21	-14.69	-0.96	41.41	10.88	-	20.53	15-Feb-05
Equity - ELSS										
Birla SL Tax Relief '96(G)	578.30	11.20	1.45	-12.23	0.09	35.95	-	-	4.08	10-Mar-08
SBI Magnum TaxGain'93(G)	5413.99	60.75	2.69	-7.18	4.83	30.94	-	-	7.76	7-May-07
ICICI Pru Tax Plan(G)	1251.55	143.91	3.88	-4.23	10.86	48.82	8.00	30.44	25.59	19-Aug-99
DSPBR Tax Saver(G)	859.19	17.11	2.47	-8.90	6.32	38.55	-	-	13.36	18-Jan-07
HDFC TaxSaver(G)	2823.02	235.27	2.46	-6.64	13.21	44.90	10.66	31.35	32.48	13-Jun-96
Reliance Tax Saver (ELSS)(G)	2070.93	21.49	3.84	-7.26	11.33	39.82	9.22	-	14.63	22-Sep-05
Sundaram Tax Saver(G)	1446.50	43.44	1.49	-10.49	3.53	28.60	10.25	-	21.97	2-May-05
Franklin India Taxshield(G)	796.63	212.41	1.18	-1.93	12.66	37.56	11.50	25.83	28.84	10-Apr-99
Equity - Large Cap										
Birla SL Frontline Equity(G)	2749.14	89.40	0.93	-4.77	9.22	36.87	16.72	-	29.04	27-Sep-02
Birla SL Dividend Yield Plus(G)	771.61	86.54	4.81	-7.35	14.12	48.00	15.06	-	30.21	26-Feb-03
DSPBR Top 100 Equity-Reg(G)	2802.07	102.02	1.71	-2.79	11.62	32.42	15.09	-	33.01	10-Mar-03
DSPBR Equity-Reg(G)	2351.65	16.80	3.04	-6.35	10.93	40.57	-	-	14.25	7-Jun-07
HDFC Growth	1273.93	88.46	2.23	-4.87	16.11	41.58	15.43	28.36	22.75	11-Sep-00
HDFC Top 200(G)	9591.25	215.23	1.66	-4.67	15.52	41.44	16.89	31.57	23.29	3-Sep-96
Kotak 50(G)	864.57	103.41	1.32	-6.54	8.02	29.46	10.27	-	29.91	5-Feb-03
SBI Magnum Equity(G)	422.59	43.97	1.24	-5.13	9.73	35.27	-	-	11.36	24-Nov-06
Reliance Growth-Ret(G)	7165.97	466.42	3.78	-11.36	2.89	38.58	13.51	37.43	27.70	8-Oct-95
Equity - Mid Cap										
Birla SL Midcap(G)	1687.81	108.12	3.96	-12.67	0.06	45.52	12.59	-	32.15	16-Oct-02
ICICI Pru Discovery(G)	1625.81	49.86	5.77	-2.73	11.54	57.58	12.75	-	27.08	16-Aug-04
Sundaram Select Midcap(G)	2126.69	150.97	4.74	-11.19	10.17	51.03	12.48	-	36.21	19-Jul-02
Reliance Reg Savings-Equity(G)	3263.70	31.05	3.94	-9.15	6.99	41.83	18.33	-	21.22	10-Jun-05
Franklin India Prima(G)	821.05	272.46	3.71	-10.73	3.37	45.97	6.01	31.22	20.89	1-Dec-93
Kotak Midcap(G)	277.76	25.30	5.30	-13.21	7.60	45.17	4.60	-	16.21	24-Feb-05
Equity - Pharma										
Franklin Pharma(G)	147.62	63.92	5.16	0.76	16.70	60.92	16.68	22.37	16.59	31-Mar-99
Reliance Pharma(G)	551.69	56.02	6.35	0.56	14.69	67.16	21.80	-	28.40	8-Jun-04

Returns As on April 29, 2011

Fund	AUM Rs.Crore March 2011	NAV Rs 29/04/11	Absolute %		CAGR %					
			1 Month	6 Months	1 Year	2 Years	5 Years	10 Years	Since Launch	Launch Date
Finance Sector										
ICICI Pru Banking & Fin Serv-Ret(G)	147.43	18.78	-0.95	-8.35	16.86	47.60	-	-	26.46	22-Aug-08
Reliance Banking(G)	1660.68	106.83	-0.54	-10.58	26.25	56.33	28.39	-	34.83	28-May-03
Sundaram-Select Thematic Funds-Fin Serv Oppor(G)	268.57	20.45	-1.29	-11.65	17.84	48.74	-	-	28.14	10-Jun-08
Commodities - Gold										
DSPBR World Gold-Reg(G)	1106.65	19.19	6.26	7.58	27.66	28.37	-	-	19.70	14-Sep-07
Kotak GOLD ETF	257.98	2149.15	7.36	13.32	28.40	22.07	-	-	26.81	27-Jul-07
Reliance Gold ETF	434.38	2092.26	7.35	13.41	28.52	22.17	-	-	23.04	22-Nov-07

Fund	AUM Rs.Crore March 2011	NAV Rs 29/04/11	Absolute %		CAGR %					
			1 Month	6 Months	1 Year	2 Years	3 Years	5 Years	Since Launch	Launch Date
Balanced - Equity Oriented										
HDFC Balanced(G)	238.78	56.39	4.11	-1.23	16.79	38.28	15.65	13.82	17.66	11-Sep-00
HDFC Prudence(G)	5808.18	216.39	2.68	-2.55	15.18	43.72	17.33	17.63	19.51	1-Feb-94
Birla SL '95(G)	391.65	315.67	1.71	-2.27	11.21	33.45	13.13	14.48	23.74	17-Feb-95
Balanced - Debt Oriented										
Reliance Reg Savings-Balanced(G)	843.38	22.47	3.65	-6.95	7.24	33.54	15.84	15.98	14.74	10-Jun-05
HDFC Children's Gift - Investment	265.89	43.41	3.97	1.76	22.25	41.29	15.44	12.54	15.54	2-Mar-01
ICICI Pru Child Care Plan-Gift Plan	160.98	56.57	7.38	-10.58	0.05	40.37	3.60	7.38	19.64	31-Aug-01

Fund	AUM Rs.Crore March 2011	NAV Rs 29/04/11	Absolute %			CAGR %				
			1 Month	3 Months	6 Months	1 Years	3 Years	5 Years	Since Launch	Launch Date
Liquid Funds										
Birla SL Cash Plus-Ret(G)	16348.85	26.07	0.70	1.97	3.72	6.12	5.97	6.61	7.15	16-Jun-97
HDFC Cash Mgmt-Savings(G)	3977.71	20.63	0.73	2.10	3.93	6.78	6.62	7.10	6.50	3-Jan-00
Reliance Liquid-Treasury-Ret(G)	2228.68	23.58	0.72	2.04	3.78	6.40	6.39	6.74	6.76	23-Mar-98
Reliance Liquid-Cash(G)	6725.23	16.00	0.74	2.10	3.96	6.38	4.91	5.31	5.13	7-Dec-01
Templeton India CMA(G)	446.05	16.74	0.60	1.67	3.07	5.03	4.69	5.38	5.28	23-Apr-01
UTI Money Market(G)	2087.83	2742.94	0.70	1.96	3.73	6.31	6.41	6.80	7.46	23-Apr-97
SBI Magnum InstaCash-Cash(G)	3829.36	21.92	0.70	2.00	3.90	6.82	6.33	6.77	6.78	19-May-99
Monthly Income Plans										
Birla SL MIP II-Savings 5(G)	818.37	17.63	0.87	1.97	2.76	5.98	10.94	9.90	8.51	22-May-04
Birla SL Monthly Income(G)	675.43	36.80	0.97	2.35	1.90	6.71	9.44	9.23	11.75	10-Aug-99
Reliance MIP(G)	8393.45	21.85	1.26	2.71	1.11	6.92	15.00	11.06	11.27	13-Jan-04
HDFC MIP-LTP(G)	10099.87	23.19	1.23	2.85	1.38	8.22	12.24	10.98	12.13	26-Dec-03
ICICI Pru MIP 25(G)	872.34	19.55	0.51	2.31	1.20	6.03	7.68	7.83	9.92	30-Mar-04
SBI Magnum MIP(G)	434.53	20.22	1.32	1.79	0.43	4.40	3.57	4.75	7.22	23-Mar-01
UTI MIS(G)	708.20	19.87	0.78	1.96	1.61	5.64	8.57	8.41	8.36	11-Oct-02

Crude Oil upsurge and the Indian Economy

With international crude oil prices rising by around 53% over last 6 months and showing little signs of dying down in the near future, the ability of an economy to withstand the spiraling inflationary pressure and yet maintain steady economic growth comes under serious scanner. The oil prices which are currently trading at highly uncomfortable levels of around $125 a barrel are giving a tough time not only to the buyers of oil but also to the policymakers around the world who are finding it even more difficult to manage the increasingly complex growth inflation mix.

A pressing question in the minds of most analysts and policymakers is what impact high oil prices will have on global economic growth and inflation - and ultimately on oil demand. Indeed, after a period of remarkable stability from October 2009 to September 2010 within a relatively narrow band, oil prices have risen by approximately 53% since then - first on very strong demand growth (4Q10) and, since early 2011 on increased regional geopolitical risk in North Africa and the Middle East, embodied by Libya's supply outage.

Empirically, past oil price shocks have shown an apparent effect on GDP. Supply shocks tend to be felt just a few months thereafter, while demand shocks usually have an impact roughly a year later. This suggests that if prices remain at current levels or rise further, by September 2011 - if not before - the global economy may feature a marked slowdown - and the more so because it would coincide with expected fiscal tightening (and possibly monetary as well, if inflationary expectations become entrenched) in the world's largest economies.

Recent Crude Oil Price Trends:

In June 2008, the price of crude oil hit an all-time high of $145 per barrel due to the possibility of an Israeli attack on Iran and also because of the combination of two major oil suppliers reducing supply generated fears of a repeat of the 1973 oil crisis. However, the prices drifted to a low of $30 per barrel by late 2008 - early 2009 as a stronger US dollar and a likely decline in demand from across the globe were suggested to be among the major causes of decline. Crude oil prices have been increasing steady since February 2009, when prices dropped to $39 a barrel. Prices hovered from $70 to $95 a barrel until late 2010 and had a clear fundamentals underpinning. In February 2011, oil prices breached $100 a barrel as further gains came on the back of Middle East and North African (MENA) region political unrest, despite a spare capacity cushion. In reality, only Libya's 1.6 mb/d of crude production is affected so far, but concerns over Shi'ite unrest in Bahrain spreading to Saudi Arabia, plus a shadow of instability over Iran, Iraq, Yemen, Syria and other regional producers, has sustained prices above $120/bbl. OPEC's effective spare capacity at just over 4 mb/d remains a calming influence, but has nevertheless fallen to its lowest since late 2008. This has fed enthusiasm for oil as a longer-term store of value, and open interest in crude futures has soared. That may only have a marginal impact, but is one more factor explaining today's price levels.

Japan now begins the long road to recovery from the devastating earthquake and tsunami catastrophe. Aside from a staggering death toll, the disaster raises questions over Japan's economic recovery, given the scale of devastation wreaked on industrial and port facilities. The situation will evolve in coming days, but at writing 9.7 GW of nuclear generation capacity (around 200 kb/d of oil input equivalent) and 1.4 mb/d of Japanese refining capacity is offline, some of it likely long-term. Announcements that 8 mb of extra oil will be made available by relaxing industry stockholding requirements will help. A combination of oil (with plentiful spare generation capacity), gas and coal will help fill the power generation gap, notwithstanding thermal capacity and transmission infrastructure is also damaged. So with the reconstruction efforts picking up in Japan, the demand side pressure on crude is likely to provide further fundamental support to the crude oil prices as the world's third largest nation is almost entirely dependent on crude oil imports to meet its energy needs.

Impact of rise in crude prices on an economy

To simplify the various complexities that surge in crude oil prices poses, firstly it is necessary to understand how the crude oil prices affect an economy. The upsurge in oil prices has a direct impact on currency exchange rates, growth of economy, inflation environment and interest rates. The spike in oil prices will lead an oil importing nation like India, which imports oil to the extent of over 70% to meet all its energy needs, to shell out more rupee to buy dollar denominated crude. So with the increase in oil prices, the demand for dollar will increase which in turn will depreciate the value of rupee. Now depreciation in the purchasing power of rupee will impact country's balance of payments (BOP) as it will result in higher cost of imports against lower income from exports. Hence the economy as a whole will be affected with the increase in oil prices as rising cost of import will stimulate the fiscal deficit of India. Moreover, the weakness in rupee will reduce the purchasing power of the people at large thereby stoking inflationary concerns. Now this inflationary environment on one hand is due to the depreciation of rupee while on the other it is also because higher oil prices increase the cost of everything one buys right from essential commodities, gasoline, manufacturing and electric power generation and especially food. High oil prices translate to high gas prices. This, combined with higher transportation costs, increases food prices. Therefore, the central bank of the nation, in order to mitigate this inflationary pressure on the economy, will resort to monetary policy tightening measures so as to suck out the liquidity from the system and allow the rupee to appreciate. However, monetary tightening has its own pros and cons as on one hand it reduces the inflationary pressure on the system while on the other it negatively impacts the growth of economy as it increase the cost of borrowing.

Macroeconomic effects of Oil Price Upsurge:

Firstly, the price elasticity of oil demand is extremely limited over the short term, and any price hike does not cause a sharp decline in demand. So oil demanding nations have to make additional payments to suppliers to meet price hikes which thereby lead to transfer of some of demanders' income to suppliers. The income transfer may cause a short-term demand shortage that reduces the size of the economy. Secondly, for a country that depends fully on imports for oil supply, the price effect is the same as the income transfer effect. The oil price hike, unless passed on to consumers, may deteriorate corporate earnings. If the hike is passed on to consumers, corporate earnings may remain unchanged with consumers shouldering the cost in the form of purchasing power losses. If oil prices rise substantially, production factors' relative prices may change dramatically, and any optimum combination to minimize costs may then fail to work.

Effect of spiking crude oil on Indian Inc

The effect of crude oil spiking on India's corporate sector is quite multifaceted as it depends on what Government of India decides, i.e. pass on the hike in prices to consumers or absorb the pressure on itself which affects interest rates or else load the burden on Oil and Gas companies. There are various other derivative effects besides this which affects various companies in different ways. The sectors which are highly vulnerable to spiraling oil prices are the interest rate sensitives like Banking, Automobile and Real Estate sectors. Banking companies are affected through the effect of interest rate rises in the bond book while others are affected through the restructuring of the asset book through delinquencies due to project outlook of companies being affected. The automobile sector on one hand is directly affected by rise in petroleum prices which increases cost of running the vehicle while on the other it is affected more through demand where a large part is financed. Lastly the real estate sector will be impacted on both demand and debt costs front as rise in cost of borrowing will impact the companies and their prospective customers.

The PSU Oil and Gas sector will be another sector that will be affected by the upsurge in crude oil prices as they lie at the mercy of government policy and it is on the government to decide on the subsidy burden or allow price hikes. While the Power, Engineering, Manufacturing, Infrastructure and Cement companies will be affected through various means as macro outlook of the economy will delay projects and derived demand while rising interest and raw material costs would affect their working capital requirements and thus, ability to take further orders.Lastly, companies requiring equity raisings will be unable to do so as equity liquidity will dry up.

Moreover, the export related sectors like information technology and pharmaceuticals would feel some heat of depreciating rupee against the US dollar while concerns over slowing global economic growth which is evident from the recent quarterly US GDP numbers which showed growth for the first quarter slowed to a 1.8% annual pace. Appreciation in the greenback due to spike up in oil price would offset the dollar earnings of these export oriented companies as oil-derivatives are a significant part of their costs. Among others, to a smaller extent, virtually all soft commodities are affected through oil's substitution effect and as farm input costs, thus affecting FMCG inputs. Generally they can pass on these costs, however, current competitive intensity is very high so these companies would not like to stake their market share in the hands of their rivals and are likely to take a cut on their margins.

Euro-zone debt crisis: Portugal goes the Greece, Ireland way

The ongoing sovereign debt catastrophe in Europe is an extension of the global financial meltdown and also the consequence of how Europe endeavored to cope up with the global financial crisis which brought an end to a decade long prosperity and unrestricted debt. European attempts to defend itself against a deep recession, has now shaped a new crisis of unsustainable and un-serviceable sovereign debt. Much of this resulted because of the stimulus packages extended by European governments in a bid to restrict the adverse impact of the economic crisis, particularly in preventing substantial unemployment. To defend themselves from a deep recession, the Euro-zone members spent heavily on bailout packages but those attempts have now backfired as they have given birth to the ongoing sovereign debt crisis. Sovereign debt is the money governments borrow and promise to pay back over a number of years. This gives a government access to large funds instantly, which it repays in installments over a number of years. As a government guarantees the debt, this type of debt is considered the most secure. This is why US treasury bonds are thought to be the most secure investment globally as the US government itself underwrites them.

The genesis

Already heavily indebted Greece joined the Euro zone when it was launched in 1999. But after becoming member of the Euro zone, Greece's credit rating got upgraded was considered at par with Europe's heavyweights such as France and Germany as they were all now part of the same union. This gave Greece access to finance that it would otherwise not be privileged to and as a result a boom in the Greek economy took place, from 2000 – 2007. Greece was the fastest growing economy in the Euro zone as capital flooded the country. Successive Greek governments went on spending spree's, creating in turn many public sector jobs, new pension plans and many other social benefits. The spending addiction included high-profile projects such as the 2004 Athens Olympics, which went well over budget. In keeping with monetary union guidelines, Greece deliberately misreported the country's official economic statistics. Greece paid Goldman Sachs hundreds of millions of dollars in fees from 2001 for arranging transactions that hid the actual level of borrowing. This enabled Greece to live beyond its means, while hiding its deficit from the EU.

The sovereign debt crisis first became apparent in Greece in autumn 2009 when the newly elected government there declared that the previous governments had been understating fiscal deficit to a substantial extent. Greece's revision of its deficit figures in May 2010 confirmed its economic statistics had been outright lies. Holders of Greek debt questioned if Greece would ever be able to pay off the €215 billion in government debt it really owed. This resulted in a confidence crisis in Greece government leading to the Greece withdrawing from international bonds markets.

The development put intense pressure on the bonds of some other euro members as well, most notably Ireland, Portugal and Spain. The fear of a default on part of Greece and its potential ramifications for the wide monetary Union then prompted policy makers to take extraordinary measures aiming to limit the fall-out on the real sector of the affected countries and prevent its further spreading. These measures, ratified in May 2009, included an unprecedented in size (110 billion euros) three-year EU/IMF-financed emergency rescue package for Greece.

Ireland's Bailout

As it became clear in following days that Greece bailout will not be end of the issue, the EU policy makers and IMF together created a European stabilization mechanism ring-fencing 750 billion euros for countries that may find themselves in a position similar to the Greek one within the following three years. As feared, European debt contagion moved on from Greece to consume Ireland in a matter of months, even though Ireland had complained it was not like Greece and did not need help to sort out its bad banks or a gaping budget deficit. But the substantial losses of its banking sector looked set to derail its economy and threatened to push the state into a default however, EU finance ministers' decision to prop up Ireland with 85 billion euros temporarily halted financial market pressure on euro-zone debt.

Both the bailouts given so far have come along with stringent conditions regarding fiscal discipline attached with them. However, experts continue to debate on if the strict austerity measures prescribed by the EU were possible to be followed as strictly and whether the bailouts being offered will provide a sustainable solution in any way or will only exaggerate the size of eventual restructuring. While EU policy makers continue to stress that countries accepting the bailout funds were committed to follow a fiscal consolidation and austerity path to reach a sustainable state, most private researchers and academicians continue to question the wisdom of policy makers.

Portugal too goes down the restructuring road

Having resisted pressure from the markets as well as European partners for months, outgoing Prime Minister Jose Socrates on Wednesday April 6, 2011 accepted in a televised address that the request for a bailout was must after parliament rejected his new austerity programme which, he said had aggravated in a dramatic way the country's financial situation. The European Commission confirmed the move saying that the request will be processed in the swiftest possible manner.

With this, the Portugal entered the club already inhabited by Greece and Ireland. While there is no final word yet on the size of bailout, it is expected that Portugal could require a package worth at least 70 billion euro (about $100 billion), compared with 85 billion euro for Ireland and 110 billion euro for Greece. The problem with Portugal is two forthcoming redemptions in April and June. While the country has sufficient funds available for the next Friday's redemption, most doubt that it is capable, - at the moment, of meeting the June obligation. But the current government there is only a care taker and therefore a full-fledged bailout package may have to wait for elections and a new government. In this wake, Portugal will first have to arrange a short term bridge loan.

Now that Portugal too has asked for a bailout package, raising question that who might be next. If one goes by the bond spreads, Spain has the highest one after excluding the three which have already received or asked for bailout. However, fundamentals of Spanish economy are significantly better compared to other periphery economies despite a high fiscal deficit and therefore it is not clear as yet and if and when it may also need a bailout. Also, while most right minded economists would agree that at some stage Greece and Ireland will have to restructure their debt (until a miracle happens!), and Portugal too will probably have to walk the same road, Spain, owing to its better fundamentals, may probably just manage with a bailout and never go down the restructuring road.

The way ahead:

This all is though hypothetical for now as it is difficult to predict when one of the worst positioned periphery country might be forced to restructure debt and what kind of sentiment impact it has on the yields for other countries. If good senses prevail over the markets, which so far has despite the European policy makers often blaming the greedy short sellers for mistakes that they did, a catastrophe would be avoided. At the moment, markets seem to have accepted the reality that there are problems within the euro zone and also that at some stage, some of the periphery countries, most like Greece and Ireland at least and probably Portugal too, will have to restructure their debt.

How the markets would behave going forward depends on how European policy makers conduct themselves. So far the politicians have tried to show a proactive response to the crisis. However, while they have proved pretty good at organizing conferences in Brussels committee rooms, and also reasonably forthcoming in contributing to the bailout fund, few have shown vision for a long term policy solution. If one looks back at the events of last one year, the only consistent fact has been the systematic denial uttered by leaders and finance ministers in each of the distressed nations that they would need any help, before eventually agreeing to what markets seemed to already know.

EU leaders are slowly running out of time and credibility as they continue to talk on short term interests. This is a matter to general understanding that providing more debt to someone who is unable to services the existing debt, without ensuring how the fresh loans would change the fundamentals of borrower only raises the scale of eventual default. Although there are well documented conditions attached to EU's bailout finds, it is very difficult to see how the countries like Greece and Ireland or Portugal for that matter implement the kind of austerity required to come out of the crisis without one time major restructuring. The energy of both the borrowers and the lenders seems to be all directed to postpone any immediate crisis, which is not wrong, but there also has to be good work done on the far end of the horizon, sans which we are only raising the scale of potential catastrophe.

If the European policy makers manage to handle the inevitability of significant restructuring in debts of the weakest members with transparency and are able to calm the markets, the problem may just be resolved with very little pain. On the other hand if the current stand of policy makers of blaming markets for their failure continues, and domestic policy constraints on key economies like Germany and France keep preventing them for adopting a sustainable solution, contagion could be triggered easily and that will certainly be a very costly affair, consequences of which are beyond imagination for now.

Farm ministry bats for lifting ban on food grains export

Indian government should lift the ban on exports of key food grains including wheat and rice as the country has sufficient stocks and at the same time is on track to harvest a second consecutive bumper crop on the back of normal monsoon rains, said the agriculture minister Sharad Pawar.

'There is ample availability of wheat and rice. The government should apply its mind whether to enter the global market now,' he said while talking to media persons. Pawar said that currently prevailing high global prices will help farmers by getting them better price of their produce. This in turn will allow them to invest more farm operations and hence improve farm productivity going forward.

India had suspended export of foodgrains in 2007 when poor weather conditions impacted domestic production and the government had to import grains at record high global price in order to meet the statutory minimum required reserves. Although there were good rains in 2008, poor monsoon in 2009 again impacted production and therefore ban on grain export continues.

Now that the country has had record harvest last year, stocks are ample with total wheat reserves swelling to 17.2 million tonne as on March 1, 2011, more than double the government's mandatory target of 8.2 million tonne. But, the ongoing high food inflation and elevated level of headline inflation are big deterrents for the government. Even if exports do not impact domestic prices, such a policy can backfire as long as food inflation remains higher.

Another issue is that the outlook for this year's monsoon is not very clear as yet. Although the Indian Meteorological Department (IMD) has forecasted a normal monsoon with about 98% rainfall compared with the long period average (LPA), there are apprehensions that potential development of 'El Nino' in the month of June or July may dampen rains. Full clarity on the matter will only come by June and therefore the government may not like to a take a chance at this stage.

Rubber production up 7% in March

Rubber production in the country increased by over 7% in the month of March, ending the positive fiscal on a strong note even as the prices of the commodity continue to hover around the record highs seen in recent months. Rubber has remained in a bullish zone for several months as global demand-supply equation remains tight.

According to the data compiled by the Rubber Board of India, total natural rubber production in March 2010 stood at 54,400 tonne. On a financial year basis, total production in the April-March 2011 period stood at 2,77,095 tonne as against 2,11,290 tonne in the previous fiscal, thus recording a growth of over 3%. The increase came mainly in the second half of the financial year as farmers increased tapping in response to strong prices.

Domestic consumption on the other hand has increased by little over 2% compared with last financial year to 9,49,205 tonne. This has come as a surprise during the last year, production of the automotive tyres increased by 23% while exports increased by 20%. Since tyre industry consumers nearly half the rubber produced in the country, total consumption growth should have been higher. However, it is possible that other rubber consuming industries cut down on consumption given the high prices.

According to the rubber Board, stock situation is also comfortable and there was no need to worry by the tyre industry. Board's data suggests that opening stock of rubber in 2011-12 stood at 2,77,095 tonne compared with a corresponding figure of 2,11,290 tonnes at the start of last financial year. In this wake, even though prices may remain high, supply should not be a major issue, the Rubber Board said.

India's import of olive oil jumps 60% in 2010

India's import of olive oil for the financial year 2010-11 has increased 60% to about 4,187 tonne compared with 2,617 tonne imported in the corresponding period of the previous year, according to Indian Olive Association. Break-up of the total imports of olive oil includes virgin olive oil at 22%, olive oil at 50% and olive pomace oil at 26%.

The countries from which the olive oil was mainly imported were Italy and Spain, followed by Turkey, while imports from the other notable olive oil producing nations like Greece, Syria, and Tunisia are virtually nil. Among the total imports from Spain and Italy in 2010, which is around 3,988 tonne, 54% came from Spain and 46% from Italy. Both the countries together constitute more than 90% of India's imports.

The increase in its import is being seen mainly on the back of increase in consumption as with greater exposure to western ideas and customs in India, a new middle class in India has been created which is more health-conscious.

The use of olive oil is becoming very popular in India because of its ability to mitigate cardiovascular disease, aging and diabetes. However, the high price is still beyond the capacity of the majority of the Indian population and though the import duty was reduced to 7.5 % from 45 % some years ago, the price of olive oil still remains much higher than other edible oils available in the market.

Rubber prices likely to remain firm throughout 2011

Natural rubber prices continue to remain strong on a tight demand-supply equation and rally in crude oil prices. Earlier expectations of correction in 2011 have proved incorrect as the supply side is not likely to respond much despite strong prices seen throughout the last one year or so owing to whether related problems and aging of trees in key producers.

Off late, the traction seen in rubber prices has come from a number of factors including the fact that increase in rubber production in current year is now likely to be less than what was earlier anticipated. Thailand, the world's largest exporter, produces around 3 million tonne per year, and accounts for 40% of world production, followed by Indonesia and Malaysia. However, floods in some parts of the Thailand have resulted in substantial downward revision in production estimates for 2011 there.

According to the Association of Natural Rubber Producing Countries (ANRPC), global natural rubber production for 2011 may come in at 10.025 million tonne, lower than an earlier forecast of 10.060 million tonne due to output revisions in member countries. Though the revised figure is above the production level seen in 2010 at 9.473, the increase will be insufficient to help boost the drained stocks and cope with a surging demand.

Global rubber consumption (including synthetic varieties) on the other hand remains strong and reached 24.4 million tonne in 2010, 14.8% higher than in 2009. This reflects a strong recovery in the demand from key industries, mainly by the tyre producers amidst a rally in auto sales in China and India. With strong growth outlook for India and China for 2011, demand for rubber is likely to remain strong as well and ANRPC estimates that it may see traction of over 8% over the calendar year 2011.

Further, the rising crude prices which have led to a significant increase in the cost of synthetic rubber, substitute of natural rubber, have also caused some upward pressure on natural rubber prices. If the crude prices continue to rule at current levels, synthetic rubber prices are likely to see further uptic, thereby leaving little downside for the natural rubber prices until the production of the natural variety shown a significant increase. This however is only likely to happen in 2012, when some new rubber trees start yielding the crucial raw material.

Tea exports down 11% in February

Reflecting the impact of lower production, tea exports from the country have declined in February by nearly 11% to 11.93 million kg, showed the data compiled by the Tea Board of India. This compares with exports of 13.35 million kg of tea in the same month of 2010.

The decline is mainly due to decline in production in India rather than global demand which continues to remain robust. Tea production in India had declined by almost 7% in the month under review to touch 16.73 million kg compared with production of 17.97 million kg of the commodity in corresponding month of last year. Tea stocks continue to remain depleted in India as well as at global level.

While production had declined in North and South India, the decline in exports was mainly contributed by North. Shipments of North Indian tea in February 2010 were down by about 22.2% to 6.6 million kg as compared to 8.4 million kg in the year-ago period. However, the exports of South Indian teas rose by 9.41% over the same period to 5.33 million kg as against 4.87 million kg in the previous year, it added.

Looking at cumulative figures, in the April 2010 - February 2011 period, tea exports have registered a decline of by 12.06% to touch 167.02 million kg compared to 189.93 million kg of exports seen in the year-ago period. In the first two months of the current calendar year, tea exports are down by nearly 9.08% at 27.72 million kg as compared 30.49 million kg last year.

However, despite decline in volume of exports, shippers are still likely to corner greater profit due to higher global prices. Tea markets globally continue to remain in deficit mode following the sharply lower production in 2009. While there has been strong growth in production in 2010 which hit record high level of 320 million kg, the sharp increase was on a low base of 2009 and has failed to replenish the stocks much.

Edible oil prices set to dip following global decline

As the supply-demand dynamics in global edible oil market begin changing, Indian edible oil producers apprehend significant decline in price of commodity going forward. Global edible oil prices have already corrected 10-15% and the correction is very much set to transmit into the Indian markets as well. Further correction in global markets is expected after new crop comes into markets.

India is the largest importer of edible oils in world and imports close to 50% of its total domestic consumption. After some tight demand supply scenario seen in early part of current season, global markets have seen significant improvement in supply side that has eased prices in international markets. Since India imports nearly half of its edible oil use, the change in global prices is obvious to impact the domestic selling prices as well.

There are already clear signs of significant improvement in domestic product scenario. Country's Rabi oilseeds crop in the current season is expected to reach 9.87 million tonne compared with a harvest of 9.07 million tonne in the last season. On a full crop year basis, overall oilseeds production is expected to increase to 25.4 million tonne compared with 22.8 million tonne in the previous year. This will also ease domestic supply.

Similarly, global production is also expected to show significant increase owing to strong prices season in the previous season. This will improve overall global supply scenario. While demand is also expected to increase, it will fail to match the sharp price-generated increment in supply. Economists however expect that after initial fall, prices may recover partially again as in an absolute sense the demand will continue to remain strong.

India is one of the leading players in the world edible oil market, being the top most importer and the third-largest consumer (after China and the EU). Palm oil (mainly imported) and soya bean oil account for almost half of total edible oil consumption in India, followed by mustard and groundnut oil. However, as local production has failed to match rise in demand from a low per-capita levels, imports have been surging in recent years. In this wake, prices in the domestic markets are getting increasingly aligned with the international scenario.

Tea prices firm up as demand-supply equation remains tight

Global tea prices continue to remain firm despite the increase in production in last calendar year as a strong supply response to high prices was witnessed. Lower production in India due to weather related troubles coupled with high global prices have boosted tea prices in Indian markets as well and going forward the commodity is expected to remain bullish for at least another couple of quarters.

In fact global tea prices have been quite volatile in the past two years, with prices in 2008 and 2009 respectively swinging within a 25-30% price range. The average growth in prices in 2010 was again over 10%. High prices yielded a strong supply response as well. While there were wide swings, on the whole tea prices have remained relatively strong in historical context in both Indian and global markets.

The industry has remained firm even as global production increases. It was apprehended that strong supply response to high prices of the commodity seen last year will bring down prices this year. However, production in India has been somewhat lower in 2010 owing to weather related problems. The trend has not changed in 2011 wither and production was down in the month of January as well. Although the decline in production has been small, given the continued increase in domestic demand, prices have remained firm.

Looking at the global scenario, markets continue to remain in deficit mode following the sharply lower production in 2008. While there has been strong growth in production in 2010 which hit record high level of 320 million KG, the sharp increase was on a low base of 2009 and has failed to increase stocks much. Compared with production in 2008, the increment in global production is just over 2%. World tea stocks continue to remain at record low levels and have been supporting prices in both Indian and global markets.

Analysts believe there is around 100-120 million kg deficit in the global market which has been continuing since the poor crop of 2008. Even with strong production outlook of Kenya and Sri Lanka, prices have been firming up mainly because of this deficit as well as rising consumption. Looking back at India too there was a shortfall of around 50 kg in 2009 and in 2010 the shortfall has only increased. Overall therefore it seems that near term outlook for tea prices is quite strong as global markets struggle under deficit stocks.

SBI Life - Saral Maha Anand, a unit linked insurance cum savings plan.

SBI Life - Saral Maha Anand is a unique product, which pleasantly surprises with its sheer Simplicity and Convenience. It is a Unit Linked non-participating Life Insurance Plan, which lets you manage your investments according to your risk appetite, giving you the power to realise market related returns on your policy. You can choose your required Life Insurance cover subject to a minimum and a maximum level. It is available at an affordable yearly premium starting from Rs 15,000 onwards and the product has been designed to cater to investment and protection needs of the middle-and-low-income segments, a press release issued in Mumbai stated. The product is exempted from medical-examination

It provides the power of liquidity through partial withdrawals. The product offers simplicity and affordability so that a larger section of society can participate and benefit by systematically investing over a long-term horizon.

Key Features:

- No medical examination, Simple joining process.
- Liquidity through Partial Withdrawals.
- Guaranteed Additions of up to 30% of one annual premium, for a 20 year policy term, subject to the Policy being in force till the maturity date.
- Option to avail additional rider benefit under SBI Life - Accidental Death Benefit Linked Rider
- 4 Fund options, to enjoy market related returns as per your risk appetite.
- Twin Benefit of Market linked returns & insurance cover.

Benefits:

- Maturity Benefit: On completion of Policy Term, Fund Value will be paid.
- Death Benefit: Higher of the Fund Value or Sum Assured* is payable; with a minimum of 105% of total basic premiums paid* till the time of death.

Rider Benefits:

- Accidental Death Benefit Linked Rider: Provides additional death benefit if the death occurs as a result of an accident.

Scheme snapshot

Age at Entry	Minimum: 18 years Maximum: 55 years
Max. Age at Maturity	65 years
Policy Term	10 years / 15 years / 20 years
Minimum Premium Amounts (x100)	Yearly : Rs. 15,000/- Half-yearly : Rs. 9,500/- Quarterly : Rs. 5,500/- Monthly : Rs. 2,000/-
Maximum Premium Amounts (x100)	Yearly : Rs. 29,000/- Half-yearly : Rs. 14,500/- Quarterly : Rs. 7,200/- Monthly : Rs. 2,400/-
Premium Modes	Yearly / Half-yearly / Quarterly / Monthly
Sum Assured	Minimum: Age below 45 years : 10 × AP Age 45 years or above : 7 × AP Maximum: 20 × AP
Partial Withdrawals	Upto 15% of Fund Value can be withdrawn each year, from 6th year onwards, subject to conditions. One partial withdrawal is free in a policy year.
Tax Benefits**	Under Sec. 80C and Sec. 10(10D) of Income Tax Act,1961

AP-Annual Premium

The ULIP offers four fund options like index, equity, balanced and bond fund, enabling the investor various fund options depending on their risk appetite.

Index Fund: The objective of the Fund is to provide returns closely corresponding to returns of NSE S& P CNX Nifty Index, though investment regulations may restrict investment in group companies and some large cap companies listed on the Nifty Index, leading to higher tracking error. This Fund closely tracks the Nifty Index.

Assets	Minimum	Maximum	Risk Profile
Equity Money Market Instruments and Cash	90% 0%	100% 10%	High

- Equity Fund: The objective of this Fund is to provide high equity exposure targeting higher returns in the long term.

Assets	Minimum	Maximum	Risk Profile
Equity & Equity Related Instruments Debt Money Market Instruments	80% 0%	100% 20%	High

- Balanced Fund: The investment objective of this Fund is to provide accumulation of income through investment in both equities and fixed income securities with an attempt to maintain a suitable balance between return and safety.

Assets	Minimum	Maximum	Risk Profile
Equity & Equity Related Instruments Debt Money Market Instruments	40% 40%	60% 60%	Medium

- Bond Fund: The objective of the Fund is to provide relatively safe and less volatile investment option mainly through debt instruments and accumulation of income through investment in fixed income securities.

Assets	Minimum	Maximum	Risk Profile
Debt Instruments Money Market Instruments	60% 0%	100% 40%	Low & Medium

Additional Features of the Plan:

Tax Benefit:

- U/s 80C of the Income Tax Act 1961 on your premiums paid under the Basic Policy and Accidental Death Benefit Linked Rider.
- U/s 10(10D) of the Income Tax Act 1961 on your Maturity Proceeds / the Death Benefit under the policy.

Free Look Period:

You can review the terms and conditions of the policy, within 15 days from the date of the receipt of the Policy Document and where you disagree with any of those terms and conditions; you have the option to return the policy stating the reasons for your objection.

The amount refunded to you would be:

Fund Value + (Premium Allocation Charges + Policy Administration Charges) already deducted + Rider Premium MINUS (Stamp Duty + Payment Instrument Collection Charges, if any) Mortality Charges and applicable service taxes deducted will not be refunded.